



ROYAL BAFOKENG  
**PLATINUM**  
MORE THAN MINING

2019

Integrated  
Report

# Contents

Royal Bafokeng Platinum (RBPlat) Limited does not produce separate sustainability, remuneration or governance reports. Instead, our objective is to provide our stakeholders with the information they need to assess the future performance of our business in one report, our integrated report, which is supplemented by our Databook 2019, which is available on our website at [www.bafokengplatinum.co.za/integrated-reports.php](http://www.bafokengplatinum.co.za/integrated-reports.php)

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What makes us different

## More than mining

... which has been our aspiration since we took over operational control of the BRPM joint venture and listed on the JSE in 2010 has never been more relevant than it is today.

It includes:

- > working to ensure the sustainability of the communities in which we operate
- > our commitment to the long-term sustainability of our people
- > addressing climate change by working to reduce our impact and the impact of climate change on our communities



Chair's review



Chief Executive Officer's review

## Navigating our 2019 reports



Integrated report available in print, online and pdf format at <http://www.bafokengplatinum.co.za/integrated-reports.php>



Annual financial statements (AFS) available online and in pdf format at <http://www.bafokengplatinum.co.za/integrated-reports.php>



Annual results available online and in pdf format at <http://www.bafokengplatinum.co.za/annual-results.php>



Mineral resources and reserves statement available in pdf format at <http://www.bafokengplatinum.co.za/our-mineral-reserves-and-resources.php>



Databook 2019 available in pdf format at <http://www.bafokengplatinum.co.za/integrated-reports.php>

## Navigation icons



Directs you to information on our website



Identifies the application of King IV™ principles



Identifies a sustainability key performance indicator (KPI) that has been assured



Indicates key risk indicator information



Databook

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## Our purpose

To **create economic value** for all our stakeholders **by delivering** ***More than mining.***

Our ***More than mining*** philosophy, which commits RBPlat to creating value for society, underpins our ability to create the social, human, intellectual and natural capital we need to be sustainable and perform well in the future

## Our mission

To leave a lasting legacy of sustainable benefits for our stakeholders

## Our values

### Safety and people first

Mining is a high-risk business and cannot succeed without total trust, respect, teamwork and an uncompromising commitment to safety and people first

### Promises delivered

We do what we say we will do

### Mutual interest and mutual rewards

We have mutual goals and mutual interest and we depend on each other to realise our vision and mission. We operate in good faith, openly and transparently

### Forward-looking statements

This report contains certain forward-looking statements with respect to the results, operations and business of RBPlat and its subsidiary companies (the RBPlat Group). These statements and forecasts involve risk and uncertainty, as they relate to events and depend on circumstances that occur in the future. There are various factors that could cause actual results or developments to differ materially from those expressed or implied by these forward-looking statements. The Company undertakes no obligation to update publicly or to release any revisions to these forward-looking statements to reflect events or circumstances after the date of publication of this report or to reflect the occurrence of unanticipated events. All forward-looking statements have not been reviewed or reported on by the Group's auditors.

# Introduction

## About our integrated report

**The aim of our reporting is to provide our stakeholders with concise and transparent information that will allow them to make an informed assessment of RBPlat's ability to create value over the short, medium and long term. To achieve this we regularly engage with our stakeholders and include them in our process to identify the most material issues.**

### Reporting scope and boundary

The RBPlat integrated report, which is published annually, provides material information relating to our strategy and business model, operating context, material issues, risks and opportunities, governance, business performance and future prospects during 1 January 2019 to 31 December 2019. Information on anything material that took place after 31 December 2019 and up to the date the Board approved the report has also been included.


This report covers the RBPlat Group's mining operations and projects in the North West province of South Africa, our employee home ownership scheme, our corporate office in Fourways and the key functions over which we exercise control.

### Our approach to materiality


We apply the principle of materiality when assessing what information should be included in our report. Our material issues, which are identified through an internal and external engagement process set out on page 22, influence our Group strategy and inform the content of this report.

### Assurance and reporting frameworks

We use a combined assurance model to ensure the information we provide, and our underlying processes, support the credibility and integrity of our reporting. PricewaterhouseCoopers Inc. (PwC) assured our annual financial statements (AFS — see page 3) and IBIS ESG Assurance provided independent assurance of our material sustainability information (page 135).

The reporting frameworks, standards, codes, principles and guidelines we applied or complied with during our reporting process are listed in the Databook supplementing the information in this report, which can be found on our website at [www.bafokengplatinum.co.za/integrated-reports.php](http://www.bafokengplatinum.co.za/integrated-reports.php). 

### Board approval

The RBPlat Board of Directors (the Board) assumes responsibility for ensuring the integrity of this integrated report. In the Board's opinion the report addresses the issues material to the Group's ability to create value, is a concise and transparent representation of the performance of the Group during the year under review and also provides information relevant to the Group's short-, medium- and long-term outlook. <sup>5</sup>

The RBPlat Board unanimously approved this report on 28 February 2020.

- > Kgomotso Moroka  
(Chair)
- > Steve Phiri  
(Chief Executive Officer)
- > Hanré Rossouw  
(Financial Director)
- > Peter Ledger
- > Udo Lucht
- > Zanele Matlala
- > Mark Moffett
- > Thoko Mokgosi-Mwantembe
- > Avischen Moodley
- > Obakeng Phetwe
- > Mike Rogers
- > Gordon Smith
- > Louisa Stephens

# Our strategic objectives

## Strategy 2020

### What we offer

Our strategy is to be a South African mining company producing PGMs and offering a clear value proposition to outperform the market. We aspire to achieve *More than mining* and are proud of our positive social impact as a transformation leader.

### The market we operate in

We sell all our product to one major client who we rely on to process and market our product.

### The way we work

Our performance-driven culture and our aspiration to achieve zero harm results in operational excellence. We manage our assets with high optionality and flexibility, which allows us to react quickly to changing market conditions. We grow organically through internal expansion and value enhancements. Within the industry we proudly contribute in leading industry roles both locally and internationally.

### What we own

Our ore bodies are highly competitive and our processing plants are very efficient. We take pride in our people and our ability to use appropriate, proven technologies to our advantage. Our financial standing is very sound and we proudly represent the RBPlat brand.

***More than  
mining***

**Strategic pillar 1:**  
Towards operational  
excellence

**Strategic pillar 2:**  
Build flexibility to  
ensure sustainability

**Strategic pillar 3:**  
Grow organically —  
positioning RBPlat to  
compete over the  
long term

**Strategic pillar 4:**  
Pursue value  
enhancing  
opportunities

Introduction

Our business

Leadership and  
governance

Our performance

Accountability and  
shareholder information



## Key features of our performance in 2019

### Financial capital

#### Balance sheet optimisation

through rights offer and gold streaming agreement

Headline earnings per share of  
**50.4 cents**  
(2018: 25.0 cents)

**68.1%**  
of capital funded from cash generated by operations (2018: 37.3%)

Net debt<sup>1</sup> position of  
**R491.3 million**  
(2018: R832.4 million)

Cash position<sup>2</sup> of  
**R814.2 million**  
(2018: R883.5 million)

<sup>1</sup> Calculated as interest-bearing borrowings less cash and cash equivalents

<sup>2</sup> Includes restricted cash and housing

### Manufactured capital

**12.8%**  
increase in tonnes delivered to 3 829kt (2018: 3 395kt)

**12.5%**  
increase in tonnes milled to 3 847kt (2018: 3 420kt)

**12.2%**  
year-on-year increase in BRPM cost per tonne milled to R1 361 (2018: R1 213)

**9.3%**  
increase in Styldrift built-up head grade to 3.77g/t (4E) (2018: 3.45g/t (4E))

**9.0%**  
increase in 4E metals in concentrate to 401koz (2018: 368koz)

### Human capital

#### Two fatalities

**38.1%**  
improvement in RBPlat's SIFR year-on-year

**14.9%**  
improvement year-on-year in total training and development costs

**23.2%**  
improvement in RBPlat's LTIFR year-on-year

### Social capital

**11.8%**  
increase year-on-year in local HDSA procurement spend to **R1.7 billion**

**R65.8 million**  
investment in our social and labour plan (2018: R63.2 million)

### Natural capital

Awarded  
**CDP B scores**  
for our voluntary disclosure in the CDP water and climate change 2019

**R7.3 million**  
cost savings in potable water using our water treatment plant

Disappointing **25.3%** increase in GHG emissions due to inclusion of Maseve data and increased production at Styldrift

## Connecting performance to purpose

### Our purpose

The purpose of RBPlat, a 40% black owned mid-tier platinum group metals (PGMs) producer, operating in the North West province of South Africa, is to create economic value for all our stakeholders, including future generations. To achieve our purpose our sustainable development is embedded in our strategy and is an integral part of how we do business.

Previously financial and physical assets were considered to be the key components making up an organisation's market value. Today, increasingly an organisation's sustainability and the likelihood of it performing well in the future is also being measured in terms of its environmental, social and governance (ESG) performance.

ESG performance can be attributed to an organisation's ability to create:



Since listing on the JSE in 2010 RBPlat has assured certain non-financial environmental and social key performance indicators that it has identified as being material to its sustainability, in the short, medium and long term. The non-financial assurance reported on in our integrated report is undertaken by an AA1000 licensed Assurance Provider, IBIS ESG Assurance Proprietary Limited (see pages 135 to 137) to meet the AA1000AS Type II moderate level requirements. We have adopted a combined assurance approach to ensure we have adequate assurance across the Group and to prevent gaps or duplication in assurance efforts (see page 13 of our Databook 2019 at [www.bafokengplatinum.co.za/integrated-reports.php](http://www.bafokengplatinum.co.za/integrated-reports.php) for our combined assurance map). <sup>K 11</sup> <sup>K 13</sup> <sup>K 15</sup>

# Connecting performance to purpose

## ESG reporting standards

In addition to reporting on our performance in terms of the UN Sustainable Development Goals (SDGs), we are:

- > guided by the International Integrated Reporting Council's (IIRC's) International Reporting <IR> Framework
- > reporting guided by the Global Reporting Initiative (GRI) Sustainability Reporting Standards, including the metals and mining sector supplement
- > voluntary participants in the Climate Disclosure Project (CDP) for Climate Change and Water
- > applying the UN Voluntary Principles on Security and Human Rights in our workplace
- > guided by the International Platinum Group Metals Association's (IPA's) sustainability guidelines
- > signatories to the UN Global Compact (UNGC) and our Global Compact Advanced Communication of Performance self-assessment for 2018, which is to be found on the UNGC website at <https://www.unglobalcompact.org/participation/report/cop/create-and-submit/advanced/431795> qualifies for the Global Compact Advanced level



## UNGC Principles

### Human rights

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights

Principle 2: make sure that they are not complicit in human rights abuses

### Labour

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining

Principle 4: the elimination of all forms of forced and compulsory labour

Principle 5: the effective abolition of child labour

Principle 6: the elimination of discrimination in respect of employment and occupation

### Environment

Principle 7: Businesses should support a precautionary approach to environmental challenges

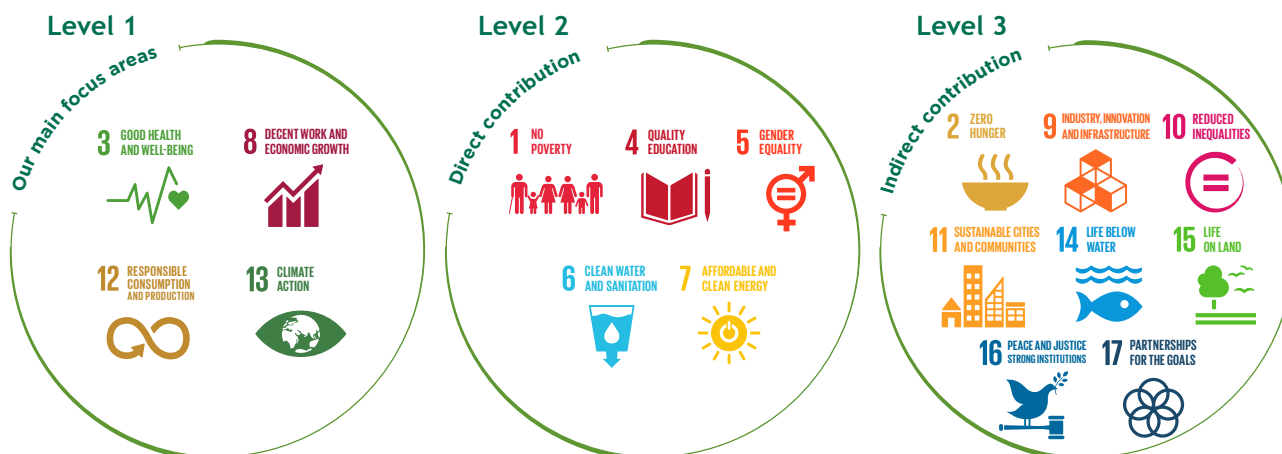
Principle 8: undertake initiatives to promote greater environmental responsibility

Principle 9: encourage the development and diffusion of environmentally friendly technologies

### Anti-corruption

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery

Following the adoption of the United Nations (UN) Sustainable Development Goals (SDGs) by all UN member states in 2016, RBPlat prioritised the various SDGs based on what we believe our contribution to them can be and incorporated them into our Sustainability framework. In 2019 we set targets and key performance indicators (KPIs) for the four SDGs that are our main focus: SDGs 3, 8, 12 and 13. Our performance against these SDGs is published in this report under the relevant capitals. We have also identified that we can make a direct contribution to SDGs 1, 4, 5, 6 and 7 and an indirect contribution to SDGs 2, 9, 10, 11, 14, 15, 16 and 17.


























## Our performance against our sustainability KPIs

In the section that follows we have provided you with information on our performance against the four SDGs that are our main focus areas. We have used the key performance indicators (KPIs) that make up our sustainability performance dashboard to monitor our performance. Our sustainability KPIs are monitored and measured monthly and reported on to the Social and Ethics Committee every quarter. Our sustainability KPIs are assured at Group level as part of our sustainability assurance process.

The page and publication references provided in the table below include where you will find actual performance figures, reporting against SDG, KPIs and additional ESG reporting.

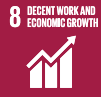
### Key:










 Met
  Partially met
  Not met

SDGs and material issues	Key performance indicators (KPIs) assured	Performance	Page references*
<b>Natural capital</b>			
 <b>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</b>  <b>Environmental management and climate change</b>	<b>WATER</b>		
	Potable water used		117
	Water use efficiency		117
	<b>ENERGY</b>		
	Total energy consumption, including electricity, petrol, diesel and liquid petroleum gas/liquid natural gas (LPG/LNG)		115
	Electricity use efficiency		116
	Greenhouse gas emissions (GHG): Scope 1 and 2 (tCO <sub>2</sub> e) including carbon intensity (per tonne milled/ore produced)		113
 <b>3 GOOD HEALTH AND WELL-BEING</b>  <b>The safety, health and wellness of our employees</b>	<b>WASTE</b>		
	Hazardous waste disposed of in an accredited hazardous waste disposal landfill site		121
	<b>Human capital</b>		
	<b>SAFETY</b>		
	Fatal injury frequency rate (FIFR)		77
	Lost time injury frequency rate (LTIFR)		77
	Serious injury frequency rate (SIFR)		77
	Number of injury-free days		77
	Total recordable injuries		22
	Number of production shifts lost due to Section 54 stoppages		22
	<b>HEALTH</b>		
	Absenteeism rate for full-time employees		70
	Number of new noise-induced hearing loss (NIHL) cases diagnosed, greater than 10% loss of hearing		80
	HIV counselling and testing: the total number of counselling sessions and tests performed (employees and contractors)		79
	Number of employees and contractors who stayed on antiretroviral treatment (ART)		79
	Number of ART default cases		79
	Tuberculosis (TB): number of employees and contractors who tested positive		79
	TB incidence rate		79

\* Page references for reporting against KPIs, SDGs and additional ESG reporting

## Connecting performance to purpose continued

SDGs and material issues	Key performance indicators (KPIs) assured	Performance	Page references*
<b>Human capital</b>			
	No production days lost due to labour action	●	—
	Labour stability		
Meeting Mining Charter III targets and our <i>More than mining</i> aspiration	<b>Diversity and equal opportunity</b> Employment equity: % of Historically Disadvantaged South African (HDSA) managers in core and support functions	●	72 – 73
	Women in mining (number of employees)	◐	71
Expectations and concerns of the communities in which we operate	HDSA percentage of local discretionary procurement spend	●	96
	Total social and labour plan (SLP) expenditure	●	91 – 94
	Number and percentage of workforce trained in terms of SLP commitments	◐	81
	Total employee and contractor training spend in terms of SLP commitments as a percentage of payroll	●	81
Availability of adequate and appropriate skills	Total number of employees, contractors and community members who received part-time AET	●	82
	Skilled employee voluntary turnover	●	70
<b>Social and relationship capital</b>			
Stakeholder relationships	Social licence to operate	●	101 – 105
	Progress with community and supplier relationships	◐	98 – 99
	Engagement with investment community	●	102
	Trade union: establishing relationships with new NUM leadership	●	101
	Employee relations	●	101
	Community perception survey	◐	100

SDGs and material issues	Sub-issues to material issues	Performance	Page references*
<b>Financial capital</b>			
	Total cash operating cost		57
	Revenue generation		47
Cost management and efficiencies	EBITDA		48
	Headline earnings/(loss)		46
Impact of basket price movements on profitability	Earnings per share		46
	Net debt		50
	Average rand basket price per platinum ounce		47
Resource allocation/capital allocation	Achieve organic growth through capital investment in Styldrift		58

\* Page references for reporting against KPIs, SDGs and additional ESG reporting

While the governance issues that we consider material to our business are not assured by an external non-financial assurance provider our Internal Audit function provides oversight and assurance and our Board subcommittees also monitor and provide governance oversight.

Intellectual capital				
Value creating governance	Application of King IV		See our Databook 2019 7	 
	Board’s role in strategy and decision-making		39	
	Board accountability, independence, skills and experience		35	
	Compliance governance and combined assurance approach to ensure we have adequate assurance across RBPlat		See our Databook 2019 13	 
	Compensation policy and practices and data across the Company including the Board and ESG incentives		Remuneration review on pages 125 to 134 of this report	
	Governance policies including accountability and oversight		See <a href="http://www.bafokengplatinum.co.za/policies-and-charters.php">www.bafokengplatinum.co.za/policies-and-charters.php</a>	
	Risk management		20	
	Ethics and fraud and corruption management		88	
	Effective supply chain governance		88	
	Apply technology to achieve increased efficiencies and reduce costs		84	

\* Page references for reporting against KPIs SDGs and additional ESG reporting

Our Databook 2019 is available at [www.bafokengplatinum.co.za/integrated-reports.php](http://www.bafokengplatinum.co.za/integrated-reports.php)  

## Five-year summary of our performance

(See the manufactured capital section of this report on pages 52 to 62 for a breakdown of operational performance.)

	Unit	2019	2018	2017	2016	2015
<b>Financial capital</b>						
Revenue	R (million)	7 492	3 627	3 499	3 342	3 045
Cash operating costs	R (million)	5 675	2 788	2 815	2 765	2 548
Headline earnings/(loss)	R (million)	123	50	109	167	(160)
Headline earnings/(loss) per share	cents	50.4	25.0	56.4	86.7	(83.2)
Average rand basket price <sup>1</sup>	R/Pt oz	28 743	21 006	19 156	18 906	17 256
EBITDA <sup>2</sup>	R (million)	1 756	504	572	490	298
Cash and cash equivalents	R (million)	814	884	1 333	836	918
Net (debt)/cash	R (million)	(491)	(832)	1 333	836	918
Net cash generated by operating activities	R (million)	1 028	666	618	585	619
<b>Manufactured capital</b>						
<b>Mining production</b>						
Total tonnes delivered	kt	3 829	3 395	2 992	2 759	2 457
<b>Concentrator production</b>						
Total tonnes milled	kt	3 847	3 420	3 021	2 762	2 461
Built-up head grade (4E)	g/t	3.91	3.96	3.94	4.03	4.11
4E metals in concentrate	koz	401	368	328	304	278
Pt metal in concentrate	koz	261	239	212	196	180
<b>Operating costs</b>						
Cash operating cost per tonne milled	R/t	1 475	1 213	1 149	1 177	1 066
Cash operating cost per 4E ounce	R/4E oz	14 139	10 468	9 941	10 068	9 359
Cash operating cost per Pt ounce	R/Pt oz	21 770	16 145	15 414	15 639	14 504
Capital expenditure	R (million)	1 661	3 459	2 160	1 126	2 009
<b>Human capital</b>						
Employees (as at 31 December) <sup>3</sup>	Number	10 087	9 508	8 372	7 400	7 281
Fatal injuries	Number	2	2	0	1	5
LTIFR	/1 000 000 hours	1.900	2.475	2.808	1.902	2.045
SIFR	/1 000 000 hours	1.140	1.843	1.435	1.078	0.665
Working cost labour <sup>4</sup>	Number	8 900	5 843	5 691	6 271	6 256
Capital labour	Number	1 160	3 636	2 659	1 103	999
Number of new NIHL cases diagnosed with greater than 10% loss of hearing	Number	10	13	10	9	13
Number of employees who stayed on ART	Number	785	627	622	658	572
TB incidence rate	/100 000	416	631	765	767	937
<b>Social capital</b>						
SLP investment (including human resource development)	R (million)	65.8	63.2	40.5	287.1 <sup>5</sup>	74.6
Total discretionary procurement spend in HDSA companies	%	86.6	86.7	87.0	79.6	74.2
<b>Natural capital</b>						
GHG emissions (CO <sub>2</sub> e Scope 1 and 2) <sup>6</sup>	tCO <sub>2</sub> e	427 633	341 746	333 596	318 220	304 674
Water use efficiency	MI/kt milled	1.233	1.154	1.256	1.069	1.653

<sup>1</sup> Net proceeds from total concentrate sales including revaluation of pipeline divided by total platinum ounces produced

<sup>2</sup> The Company uses certain non-IFRS performance measures and ratios (e.g. EBITDA) in measuring the business and may provide users of the financial information with additional meaningful comparisons between current results and results in the prior periods. Non-IFRS financial measures should be viewed in addition to and not as an alternative for the reported operating results or cash flow from operations or any other measure of performance prepared in accordance with IFRS. In addition, the presentation of these measures may not be comparable to similarly titled measures used by other companies

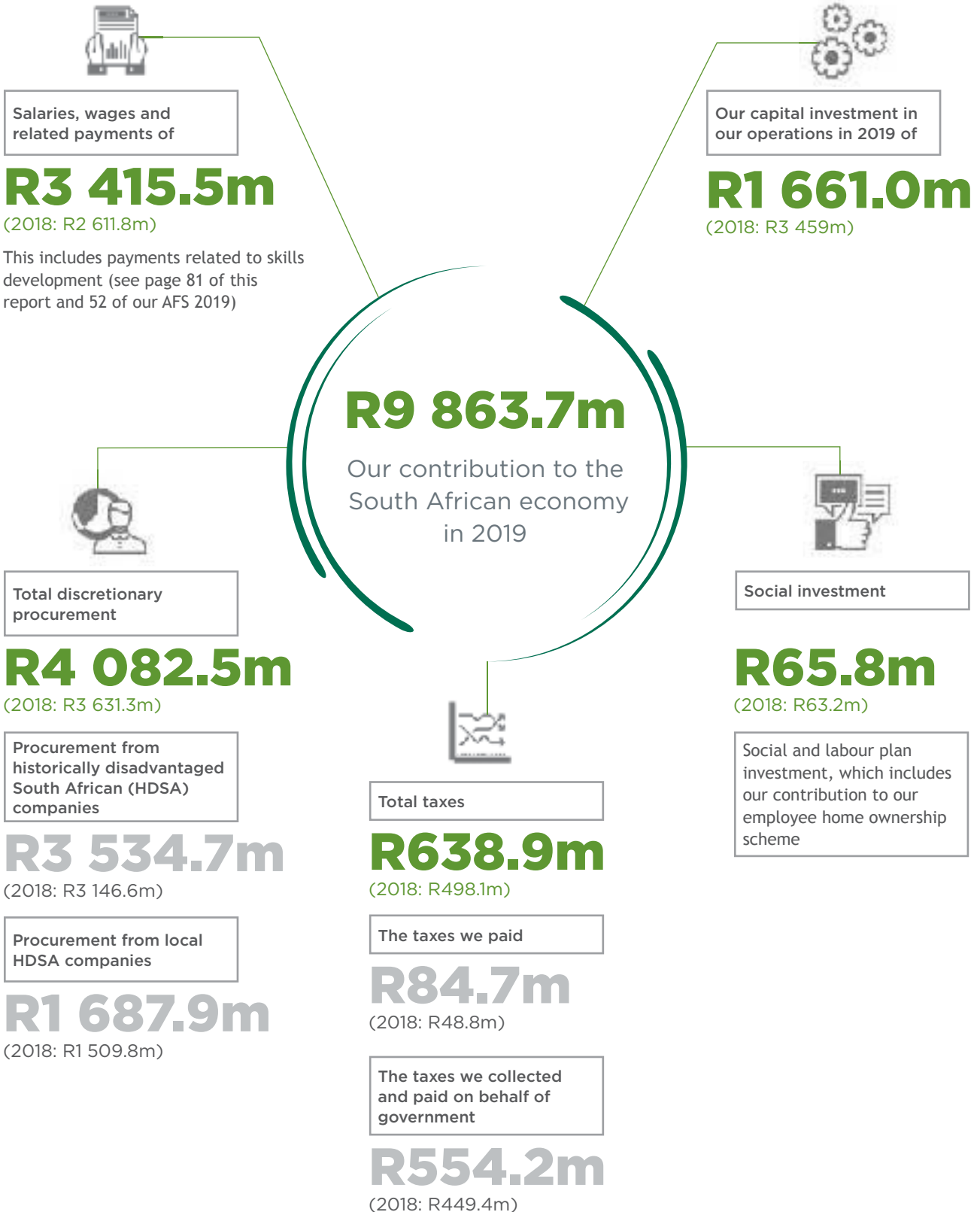
<sup>3</sup> The employee numbers (which include corporate office employees) include a 12.7% increase in the Styldrift workforce offset to some extent by a reduction in numbers at BRPM, corporate office and Maseve Mine

<sup>4</sup> These numbers exclude corporate office employees

<sup>5</sup> Includes R251.1 million housing contribution

<sup>6</sup> Our Scope 1 GHG emissions began increasing in 2014 as the activity of diesel-driven vehicles increased at Styldrift

## Our contribution to the South African economy



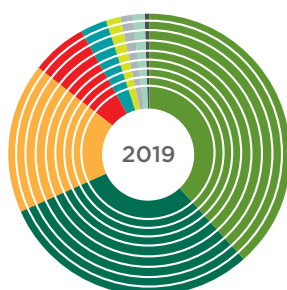


# Our business in 2019

Average basket price:

**R28 743.0**  
**Pt oz**

Metal contribution to revenue



- ▶ Platinum (38.4%)
- ▶ Palladium (30.0%)
- ▶ Rhodium (17.2%)
- ▶ Nickel (6.5%)
- ▶ Gold (2.9%)
- ▶ Iridium (1.7%)
- ▶ Copper (1.6%)
- ▶ Ruthenium (1.4%)
- ▶ Cobalt (0.3%)

**Royalty agreements with Impala Platinum Limited (Implats), give it the right to mine areas at the extremities of our ore bodies that are close to its shafts. These agreements have made it possible to bring forward cash flows from this Resource**

## What we own

- > Competitive ore bodies in the form of shallow, long life Merensky and UG2 resources
- > Efficient processing plants that provide us with operational flexibility
- > Maseve Mine, with a resource of 4.15Mt, which is on care and maintenance

Our mines	BRPM	Styltdrift
<b>Type of operation</b>	Conventional and hybrid mining with access via twin decline shafts (depth of less than 500m)	Mechanised bord and pillar mining, accessed via a vertical Main shaft (753m) and a vertical Services shaft (723m)
<b>Resource</b>	82.8Mt	262.4Mt (including Styltdrift II)
<b>Construction</b>	Commenced in 1997 with steady state reached in 2001	Commenced in 2009, ramp up to 230ktpm milestone in third quarter 2020 and steady state in 2021
<b>Shaft complexes</b>	Twin decline shaft complexes: <ul style="list-style-type: none"> <li>&gt; North shaft — conventional mining Phases I and II, hybrid mining Phase III</li> <li>&gt; South shaft — conventional mining Phases I and II</li> </ul>	Twin vertical shaft system: <ul style="list-style-type: none"> <li>&gt; Main shaft of 10.5m diameter</li> <li>&gt; Services shaft of 6.5m diameter</li> </ul>
<b>Average mining depth</b>	450m	680m
<b>Life of mine (LOM)</b>	Current Merensky and UG2 Reserves support a remaining LOM of approximately 30 years	Current Reserves and Resources support a LOM in excess of 40 years

Our concentrators	BRPM concentrator	Maseve concentrator
<b>Type of operation</b>	250ktpm capacity, traditional MF2 process with ultra-fine grinding circuit (IsaMill™) producing 2.7t of saleable concentrate per 100 tonnes of virgin rock processed	110ktpm capacity (upgradeable to 160ktpm), traditional mill float (MF1) process upgradeable to MF2 producing 2.6t of saleable concentrate per 100 tonnes of virgin rock processed
<b>Treatment</b>	Ore from BRPM North and South shafts and Styltdrift	Ore from Styltdrift and BRPM UG2 ore

## Our product: PGM concentrate

Merensky reef prill split			
64.68% platinum	26.74% palladium	4.34% rhodium	4.24% gold
UG2 reef prill split			
59.16% platinum	29.28% palladium	11.00% rhodium	0.56% gold

# The global PGM environment



## Key global influences on our operating context

- > PGM prices
- > Rand/US\$ exchange rate
- > Global emissions legislation
- > World economic growth
- > Supply and demand
- > Recycling

PGMs play a significant role in reducing emissions into the environment

## Key industries for PGMs

### Automotive

PGMs' catalytic properties, thermal durability and resistance to poisoning make these metals key to cleaner emissions from combustion engines



### Jewellery

Platinum's high resistance to both wear and tarnishing makes it ideal for use in fine jewellery



### Industrial

PGMs are highly effective catalysts in many industrial, chemical and petroleum industry processes. For example, their resistance to chemical attack and high temperature stability is used in the glass manufacturing industry, while the durability and electrical properties of PGMs are used in a range of components and their biocompatibility and chemical properties are exploited in medical and biomedical products



### Investment

Platinum bars, coins and exchange traded funds (ETFs) are popular investments



**21%**

increase in  
platinum price

**54%**

increase in  
palladium price

**145%**

increase in  
rhodium price

**PGM  
fundamentals  
remain strong**

**2019 was characterised by a higher rand PGM basket price driven by palladium (up 54%) and rhodium (up 145%) as a result of strong fundamentals. Platinum (up 21%), was also supported by higher gold prices.**

### **Demand Automotive**

The use of PGMs in autocatalysts still account for most of its annual demand. Global vehicle sales are estimated to have fallen in 2019 on the back of an uncertain global economic environment and this trend is expected to continue in 2020. Platinum automotive demand fell in 2019 on the back of the continued decline in diesel's light duty vehicle market share in Western Europe. The decline was, however, at a slower rate, with its market share estimated to have settled around the 32% level. While diesel's share in light duty vehicles wanes it still dominates in heavy duty vehicles, but this market is expected to be under pressure as a result of the global economic slowdown. Palladium and rhodium automotive demand continued to increase driven by stricter emissions standards in Europe and China.

Although vehicle sales are declining, PGM demand is expected to be bolstered by the increased PGM loadings in vehicles on the back of more stringent emissions legislation globally. The relevant emissions legislation includes Real Driving Emissions standards in Europe, China 6 (light duty), China VI (heavy duty) and Bharat Stage VI in India, which require the increased use of PGMs in more efficient autocatalysts as automakers seek to meet tighter emissions legislation and avoid penalties related to non-compliance.

While electric vehicles have garnered a huge amount of attention, they are not expected to significantly impact the use of the internal combustion engine in the first half of this decade. Instead, the sale of hybrid electric vehicles, which contain PGMs, is expected to grow. Using platinum in diesel hybrid vehicles may help automakers meet the new CO<sub>2</sub> emissions standards, which have come to effect in Europe.

### **Our response**

Platinum makes up 64.68%, palladium 26.74% and rhodium 4.34% of our Merensky ore prill split. Platinum makes up 59.16%, palladium 29.28% and rhodium 11.00% of our UG2 ore prill split.

The ramp up of Styldrift to steady state, the recommencement of UG2 mining at South shaft (which has a higher percentage of palladium and rhodium compared to Merensky), as well as the upgrade of the Maseve concentrator, will increase our PGM production, which will go some way to addressing automotive demand.

Through our membership of the International Platinum Group Metals Association, RBPlat promotes the use of diesel in internal combustion engines as a means to reduce CO<sub>2</sub>.

### **Jewellery**

Jewellery demand for platinum has continued to decrease, driven by the ongoing slowdown in China, its largest consumer, where demand has fallen by more than half since its 2013 peak. This slowdown is as a result of a shift in consumer preferences. In other regions such as the USA and Japan, demand is estimated

to have remained flat, while demand in India grew steadily. We expect overall jewellery demand to remain subdued in 2020. Chinese demand is forecast to remain weak notwithstanding an increased focus on market development by the Platinum Guild International (PGI). Growth from other markets will not be enough to offset this decline.

### Our response

As a member of PGI, RBPlat contributes to its marketing efforts. Together with other PGM producers, we have given PGI the mandate to increase its marketing efforts in promoting platinum jewellery, particularly in China.

### Industrial

Industrial demand for platinum is estimated to have remained flat in 2019, supported by strong demand in the chemicals sector. Demand is expected to grow in 2020, driven by the chemical and petroleum sectors. Industrial demand for palladium and rhodium decreased in 2019. Palladium industrial consumption is relatively price elastic and there was some thrifting in some sectors, due to the higher metal prices. Industrial demand for rhodium also fell, primarily driven by a reduction in use in the glass sector. Higher palladium and rhodium prices may continue to drive thrifting and substitution in some industrial sectors as end-users look for cheaper non-PGM alternatives.

### Our response

We are growing production from our operations to provide PGMs for the growth expected in the industrial application of platinum, supported by the expansion of petroleum refining capacity, increasing chemical requirement and electrical demand.

### Investment

Investment demand for platinum in 2019 was over 1 million ounces, driven by strong ETF flows, which exceeded the previous record of 906koz in 2013. Demand for platinum is expected to be positive in 2020, however, ETF flows are unlikely to match 2019 volumes. Investment demand for palladium continued to decrease during 2019, but at a lower rate than in recent years.

### Our response

RBPlat is a member of the World Platinum Investment Council which is focused on promoting investment in

platinum. RBPlat, together with other PGM producers, has increased its contribution to market development, with China also being a strong area of focus for investment (including bars and coins).

### Supply

Primary supply from South Africa and Russia declined in 2019. South Africa's production was also negatively affected by load shedding in the country with stage 6 load shedding (which halted production) being implemented for the first time in December. The successful conclusion of wage negotiations in the sector meant there were no strikes which were a major risk to production going into the year. The decrease in primary supply was offset by the increase in secondary supply.

Previous years of underinvestment will ultimately lead to a reduction in primary production from South Africa. Load curtailment remains a risk to production as Eskom has indicated that load shedding will continue in the coming year. Output from Russia is also expected to decline. Palladium supply is more geographically diverse than platinum and rhodium, with higher production from North America expected to offset the lower supply from South Africa and Russia to some extent. Secondary supply from recycling is expected to increase driven by automotive recycling.

### Substitution

Vehicle manufacturers are currently focused on meeting the tighter emissions legislation and avoiding possible fines. The cost of PGMs as a percentage of the overall cost of a car is still relatively small, therefore substitution may not be driven by the large price differential between platinum and palladium. It will rather be driven by supply security challenges and the potential for increased price volatility.

### Market balance

All three PGMs (platinum, palladium and rhodium) are estimated to have been in a deficit in 2019 when investment demand, particularly for platinum, is included. Palladium and rhodium are expected to remain in deficit in 2020 while platinum is forecast to be in a slight surplus.



## What makes us different



### Our empowerment credentials

**Our major shareholder, Royal Bafokeng Holdings (RBH), is an African community investment company**, entrusted with the unique responsibility of preserving and growing the financial capital of the Royal Bafokeng Nation (RBN/the Nation).

### We understand the value of long-term thinking, which is reflected in our:

- > organic growth investment in Styldrift when very few PGM companies were investing in new projects
- > patience and determination to persevere
- > innovative thinking.

The RBN's long-term view gave its leaders the patience and determination to persevere, the innovative thinking to raise the funds to purchase its land, retain ownership of its land when black people were not allowed to own land in South Africa and engage in a lengthy court battle to ensure its people benefit from the PGMs being mined on its land.

### Innovative long-term thinking

2002

RBN and Anglo American Platinum (Amplats) agree on 50/50 investment in Bafokeng Rasimone Platinum Mine Joint Venture (BRPM JV)

2009

BRPM JV restructuring results in RBPlat obtaining a 67% interest in the JV

2010

- > January: RBPlat takes over operational control
- > November: RBPlat is the first community-owned company to list on the JSE
- > Pre-sinking process for the Main and Services shafts at Styldrift begins
- > Access to UG2 ore established at BRPM to improve overall operational flexibility

2010

- > Our purchase of the Maseve concentrator increased our processing capacity, ability to process UG2 ore and operational flexibility
- > RBPlat acquires Amplats' remaining 33% participating interest in the BRPM JV and becomes sole owner of its operations

2019

### A year of transition

- > First year as sole owners of our operations
- > Operational focus on ramping up Styldrift to 230ktpm in the third quarter 2020
- > Goal of ramping up BRPM South shaft UG2 production to 20ktpm achieved

### Ethical, transparent and a high standard of corporate governance

**RBPlat is known for being ethical, transparent and achieving a high standard of corporate governance**


Like our major shareholder, we are committed to acting in the best interests of our stakeholders, which includes a commitment to achieving high standards of:

**governance, ethics, integrity and effective leadership**



We aim to transform the lives of our employees by providing them with the education and skills development that will equip them to progress to more senior positions and the opportunities to do so.

Through our employee home ownership scheme our enrolled employees have the opportunity to own an asset, the value of which will grow over time

 (see [www.waterkloofhillsestate.co.za](http://www.waterkloofhillsestate.co.za)).

**54%\***

of our Board members are HDSAs (2018: 55%)

**31%**

of our Board members are women (2018: 36%)

**61%**

of our senior management team is black and 10% of our senior managers are black women (2018: 55% senior management was black and 9% black women)

**50%**

of our middle management team is HDSAs (2018: 50%)

**80%**

of our junior management team is HDSAs (2018: 79%)

**92%**

of our employees are HDSAs (2018: 92%)

\* The HDSA numbers no longer include white women in accordance with Mining Charter III

Transformation leader

## Our aspiration to deliver *More than mining* includes:

### Contributing to the sustainability of our communities through our investment in:

- > socio-economic and infrastructure development
- > health support
- > community skills development
- > education support, including:
  - maths and science teaching
  - tertiary education bursaries
  - building of additional classrooms
  - provision of world class sports facilities at community schools.



We work with the Royal Bafokeng Institute on our education support programme. Its purpose is to set children on the path to achieving their potential (see [www.bafokenginstitute.org.za](http://www.bafokenginstitute.org.za) and pages 91 to 94 of social and relationship capital for information on our community investment).

**Enterprise and supplier development** is a major focus for us. Our aim is to:

- > build sustainable businesses in our communities
- > increase our procurement from local suppliers.

See the social and relationship capital section on page 96 for details.

We work with Royal Bafokeng Enterprise Development ([www.bafokeng.com/organisation/entities/rbed](http://www.bafokeng.com/organisation/entities/rbed)), which is responsible for assisting with enterprise development in the Bafokeng community.

Our support of the United Nations (UN) Sustainable Development Goals (SDGs) is aligned with our aspiration to deliver *More than mining*. (See page 6.)



*More than mining*

### Our contribution to RBN's commitment to the long-term sustainability of its people

The leadership of the RBN has invested in infrastructure, providing its villages with access to water and electricity, building roads, schools and clinics. The Supreme Council, consisting of representatives of the community, decides on spending priorities and allocates the funds received from the dividends paid to the Nation annually by RBH. As one of the companies in which RBH is invested, RBPlat contributes to RBN's long-term sustainability.



## Our business model

### Issues in our operating context that could impact our ability to create value now and in the future:

- Uncertain global and local economic conditions
- Basket price sensitivity to market forces and currency volatility
- Rising costs
- The effects of climate change
- Expectations of the communities in which we operate
- Challenges in the regulatory and policy environment
- Global emissions legislation
- Uncertainty regarding Eskom's ability to meet our electricity requirements

### Our high standards of corporate governance ensure we have:

- effective control of our business
- consider the impact on our stakeholders of our decisions
- maintain our focus on entrenching an ethical culture and addressing the challenges we face as a business with regards to ethics, fraud and corruption

See pages 88 and 89 for more information

### Our capital inputs

#### Financial

- R883.5 million cash on hand generated by our operations
- R1 715.9 million debt excluding R1.6 billion owing to Amplats for the acquisition of its 33% interest in the BRPM JV
- R1 142.7 million in undrawn credit facilities



#### Manufactured

- Competitive ore bodies at our BRPM and Styldrift mines made up 348Mt of shallow, long life Merensky and UG2 resources
- Two efficient processing plants
- Operational flexibility



#### Human

- 9 508 employees
- Transformed, skilled and stable workforce
- Diverse and skilled Board and management
- Commitment to our people's development and well-being
- Investment in safety leadership skills



#### Intellectual

- Robust governance structures
- Application of technology, use of machine learning and advanced data analytics to achieve increased efficiencies and effectiveness



#### Social and relationship

- Established community engagement structures
- R63.2 million investment in our social and labour plan in 2018
- Focus on building sustainable doorstep businesses
- Access to home ownership for our employees



#### Natural

- Good stewardship of our Mineral Resources and Mineral Reserves
- B score for both CDP climate change and water disclosures, which exceeded the industry average
- Improved water use efficiency
- Decrease in GHG emission intensity



### The trade-offs required to achieve value creation

#### Health and safety

The need to entrench safe behaviour, particularly in our leadership, has financial implications, but benefits the well-being of our people and our productivity through improved safety performance

#### Investment in skills development

In order to ensure we have the skills we need to create value we invested 7% of our payroll in the training and development of our employees and community members

## Strategic pillars and focus SDGs impacted

## Our outputs

## Our outcomes: The value we created for our stakeholders

Introduction

Our business

Leadership and governance

Our performance

Accountability and shareholder information



1 2  
3 4

- > R1 027.6 million cash generated by operations
- > Average rand basket price of R28 743 per platinum ounce resulting in revenue of R7 491.9 million
- > R1 029.1 million raised via rights offer
- > Triple Flag gold streaming agreement resulting in post year-end upfront cash prepayment of US\$145 million (equating to approximately R2.1 billion)

- > RBPlat was able to fund 68.1% of its capital requirements in 2019 (see page 50)
- > Proceeds from the Triple Flag upfront cash prepayment used to fully settle the amount of R1.851 billion outstanding as at 30 January 2020 on our purchase of Amplats' interest in the BRPM JV and optimise our balance sheet (see page 51)



1 2  
3

- > Completion of outstanding infrastructure at Styldrift
- > Ramp-up of UG2 production at BRPM South shaft to 20ktpm
- > 12.5% increase in tonnes milled

- > RBPlat is ramping-up Styldrift, its organic growth project, to the 230ktpm milestone and
- > increasing UG2 production as PGM prices strengthen and
- > our average basket price has increased by 36.8% year-on-year



1 2  
3

- > Artisan skills requirements for Styldrift addressed
- > Styldrift training centre well-equipped to meet current and future artisan skills requirements
- > Second five-year wage agreement signed with enrolled employees
- > 38.1% improvement in SIFR and 23.2% in LTIFR year-on-year

- > While we experienced a challenging shortage of artisans at Styldrift during 2019 this has now been addressed (see page 59)
- > While, tragically, we had two fatalities in 2019, we were able to increase the safety, overall, of our employees; we also maintained labour stability



1 2  
3

- > Ongoing strengthening of governance structures, including ICT governance throughout RBPlat
- > Entrenched ethical culture
- > Increased understanding of how we can use technology and the learnings from data analytics to drive productivity efficiencies and reduce costs in our operations

- > We have been able to further entrench our governance principles and protect the integrity and reputation of our business through our ethics management model
- > RBPlat is well-placed to put in place a data integration strategy and start delivering on this strategy



1 2  
3

- > Strong community relationships
- > Substantial increase in learners writing maths and science for matric
- > 86.6% of our total discretionary procurement spent with HDSA businesses
- > 82.6% increase in our procurement from our doorstep HDSA businesses
- > R65.8 million invested in our SLP
- > 1 000 families have purchased homes in our home ownership scheme

- > Through our focus on engaging with our communities, investing in enterprise and supplier development and working to increase our discretionary procurement from our doorstep HDSA businesses, we are increasing the ability of our communities to become sustainable



1 3

- > Increase in our Mineral Resources
- > Maintained B score for both CDP climate change and water disclosures, which exceeded the industry average
- > Increased use of water, energy and materials as a result of increase in production and inclusion of the Maseve concentrator

RBPlat with its shallow high grade resources is well-positioned to take advantage of the strong PGM market

## Costs

### Impact on operating costs

- > Recommencing UG2 mining at BRPM South shaft to increase UG2 production
- > Mobilisation of additional resources to ensure Styldrift 230ktpm ramp-up is achieved (see page 65)

### Capital expenditure

- > Upgrade of Maseve concentrator and expansion of current tailings storage facilities

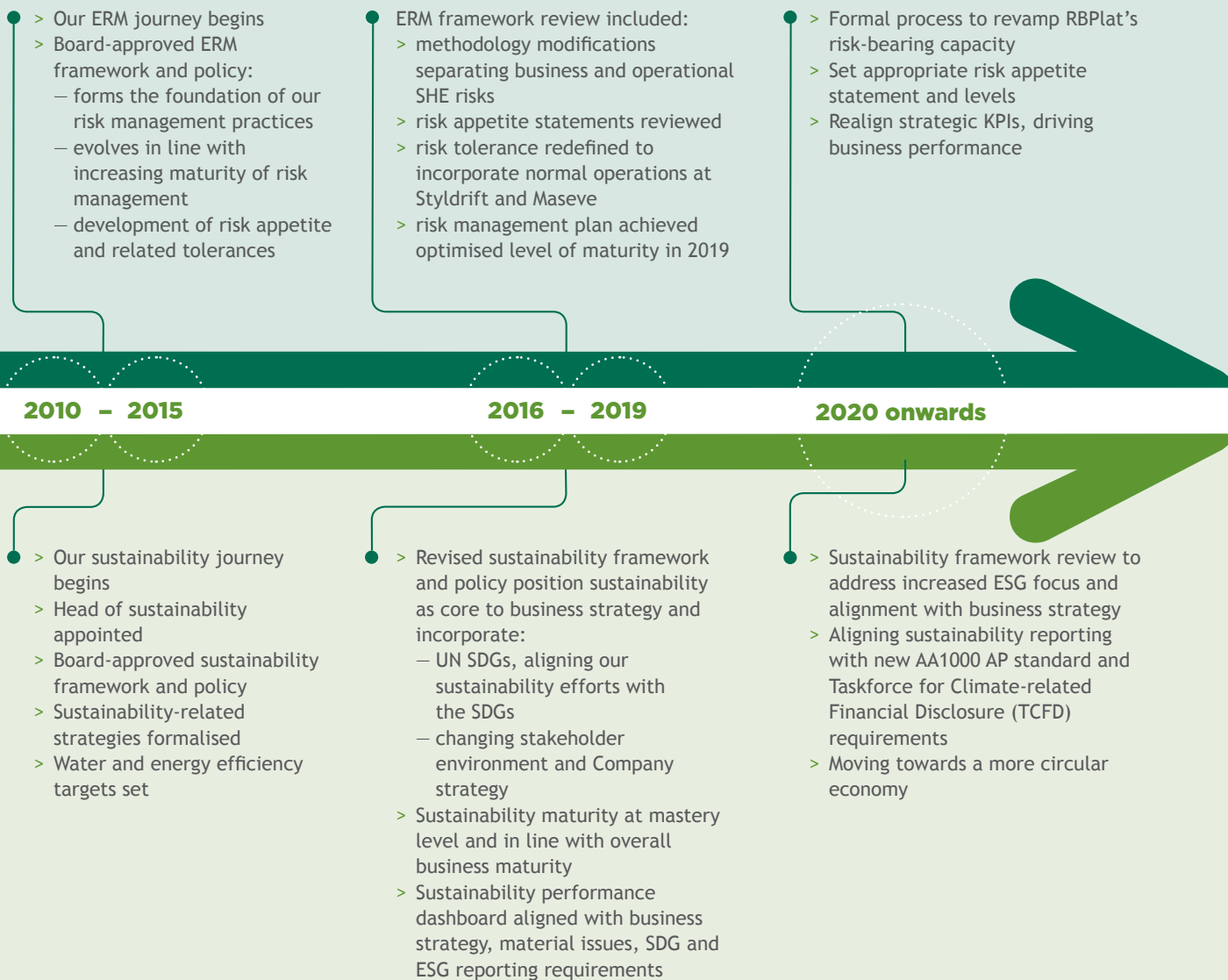
## Stakeholder relationships

Maintaining good relationships with our doorstep communities, which is key, requires that we make a substantial investment in delivering on our SLPs and enterprise and supplier development. The investment in our employee home ownership scheme and our five-year wage agreement contribute to good relations with our employees and the unions

# Adding value to our business through our risk and sustainability management journey

## Our risk management journey

The management of risk is key to the achievement of business sustainability and the long-term Company strategy. Our enterprise and risk management (ERM) framework aligns our strategy, processes, people, technology and knowledge with the purpose of evaluating and managing the uncertainties we face in protecting and creating stakeholder value. By maintaining an optimised level of risk management and risk governance at RBPlat we are able to provide the business with the information it needs to effectively manage its risks and opportunities and continually take corrective action that will allow it to deliver on its business strategy and the targets put in place to measure our performance against strategy.



## Our sustainability journey

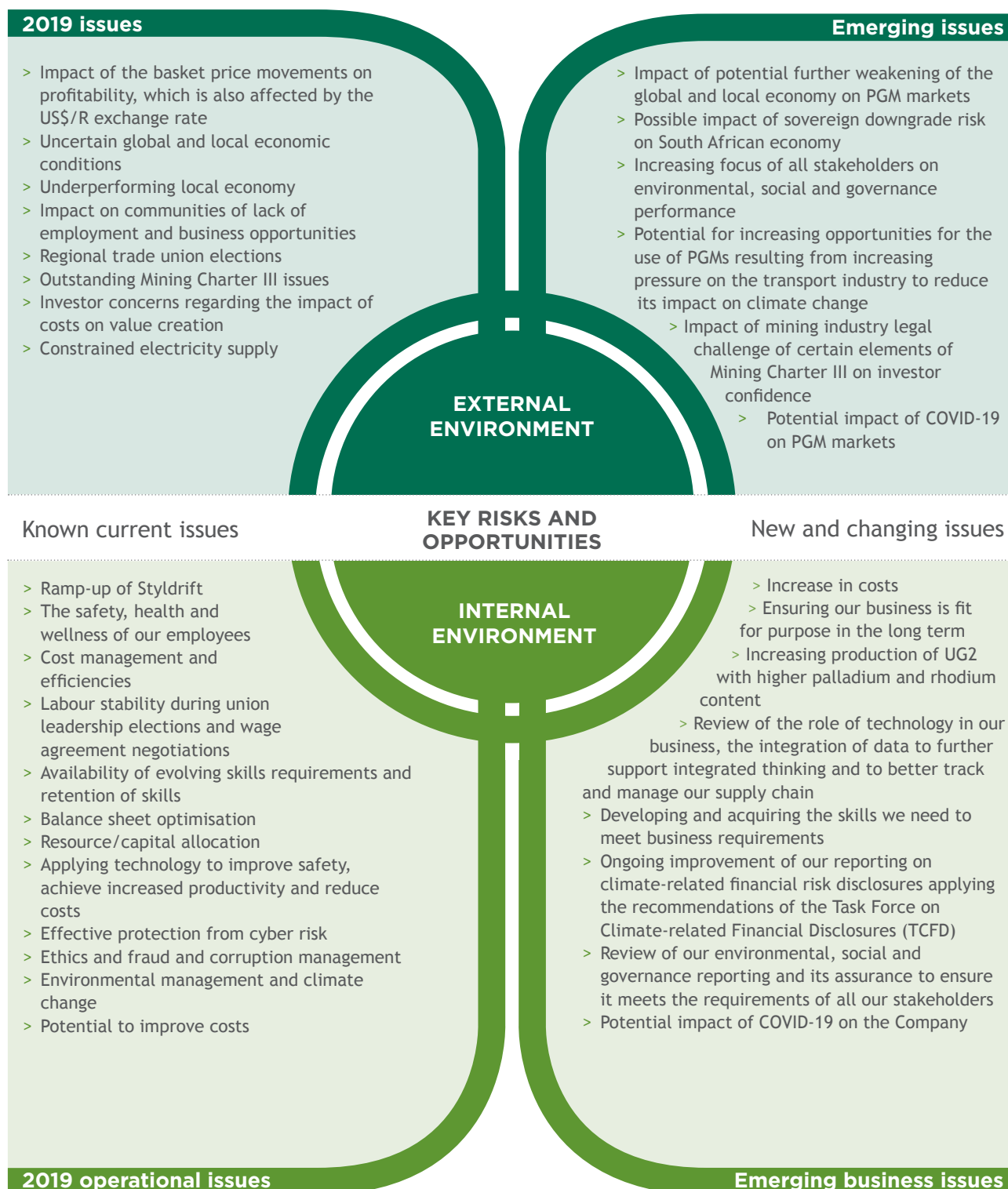
Our sustainability strategy, which is embedded in our business strategy:

- > allows for meaningful stakeholder engagement
- > strengthens our ability to achieve sustainability through good governance, our application of King IV™, compliance with legislation and regulations and the JSE Listings Requirements

- > contributes to our financial position through its focus on the issues that will make our business sustainable
- > provides our people with the tools to reduce our impact on the environment in which we operate, keep our people safe, build the resilience of our communities and manage our business in a sustainable manner.

## Our changing business context

### A summary of the known, new and changing issues in our global, local, internal and external environments





## The issues material in our operating context

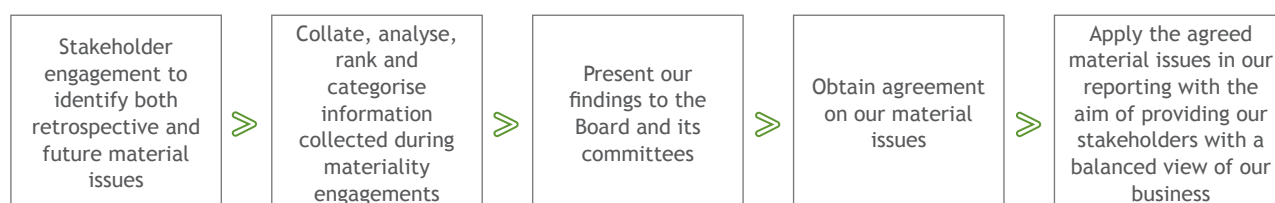
### Our materiality process

Our retrospective and forward-looking materiality determination process is an integral part of our efforts to embed integrated thinking in RBPlat, and to identify the issues that should form the basis of our internal and external reporting.

During 2019, our external engagement included the investment community, the communities in which we operate, government, industry bodies and non-governmental organisations. This year our engagement with the investment community, in addition to the usual engagements at our Annual General Meeting, the presentation of our results and one-on-one meetings, included a Board roadshow during which members of our Board met with some of our investors and got feedback from them on various matters material to them (see page 102 of this report).

Our engagement with the communities in which we operate involves a number of engagement structures (see page 31) and in 2018 and 2019 included our Chief Executive Officer's engagement with local businesses to understand their challenges and find additional ways in which RBPlat can assist them (see pages 91 to 94 for what this has involved in 2019) and we also conducted our second community perception survey.

Our internal materiality process includes engaging in workshops with managers and having one-on-one sessions with heads of department, executive management and members of our Board. Our entire materiality process is set out below:



The table that follows includes our material issues and how they relate to our top 10 risks in 2019 compared to 2018.



Extremely high risk



High risk



Moderate risk

### Our top 10 risks and material issues

Strategic pillars impacted	Inherent risks 2019	Material issues	Our response to the risks, material issues and opportunities they present
	1		
(1)	Styl drift ramp up (project and production)	> Achieve Styl drift 230ktpm milestone by the third quarter of 2020	> Infrastructure and skills in place to enable the achievement of the run rate milestone of 230ktpm by the third quarter of 2020 (see page 59)
(2)		> Availability of evolving skills' requirements and retention of skills	
(3)	2018: 1		

## Our top 10 risks and material issues

Strategic pillars impacted	Inherent risks 2019	Material issues	Our response to the risks, material issues and opportunities they present
<div>1</div> <div>2</div> <div>3</div>	Controlling operating costs	<ul style="list-style-type: none"> <li>&gt; Cost management and efficiencies</li> <li>&gt; Applying technology to achieve increased efficiencies and reduce costs</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Following completion of infrastructure at Styldrift and the enrolling of sufficient artisans to address fleet maintenance, we are better prepared to deliver efficiencies going forward (see page 59)</li> <li>&gt; With UG2 mining now re-established at BRPM South shaft, we will be focusing on cost-effective production at both North and South shaft, going forward (see page 54)</li> <li>&gt; Review of operations to reduce costs (see page 57)</li> <li>&gt; Increased use of technology in supply chain management to better track and manage performance (see page 88)</li> <li>&gt; Establishing conveyor belt between Styldrift and Maseve as soon as possible once environmental impact assessment is approved to reduce transportation costs and improve efficiencies</li> </ul>
	2018: 5		
<div>1</div>	Labour and community instability (potential cost and impact)	<ul style="list-style-type: none"> <li>&gt; Labour stability</li> <li>&gt; Stakeholder relationships</li> <li>&gt; Expectations and concerns of the communities in which we operate</li> <li>&gt; Meeting Mining Charter III targets and our <i>More than mining</i> aspiration</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Successful negotiation of a second five-year wage agreement, a first in our industry, at terms in line with PGM industry average wage increases for the next three-year period (see page 71)</li> <li>&gt; Ongoing focus on community engagement, local enterprise and supplier development, job creation and skills development opportunities for community members (see page 96)</li> </ul>
	2018: 4		
<div>1</div> <div>3</div>	Safety performance	<ul style="list-style-type: none"> <li>&gt; Safety, health and wellness of our employees</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Focus on improving safety leadership skills resulting in improved safety performance (see page 77)</li> <li>&gt; Use of data analytics to predict and avoid incidents</li> <li>&gt; Addressing noise-induced hearing loss through our hearing conservation programme (see page 80)</li> <li>&gt; Majority of our employees and volume contractors are members of Platinum Health Medical Aid, which allows for a managed care system of medical attention (see page 79)</li> </ul>
	2018: 3		
<div>1</div> <div>2</div> <div>3</div> <div>4</div>	Capital funding structure and strategy	<ul style="list-style-type: none"> <li>&gt; Resource allocation/capital allocation</li> <li>&gt; Uncertain global and local conditions</li> </ul>	<ul style="list-style-type: none"> <li>&gt; The investments required to ramp up Styldrift to 230ktpm, upgrade the Maseve concentrator to 160ktpm and upgrade the BRPM and Maseve tailings dams (see pages 62 and 63)</li> <li>&gt; Rights offer to raise R1 029.1 million</li> <li>&gt; The gold streaming agreement RBPlat has with Triple Flag provided us with an upfront payment of R2.1 billion, R1.851 billion of which was used to settle the amount outstanding on our purchase of Amplats' 33% interest in the BRPM JV</li> </ul>
	2018: 2		

## The issues material in our operating context continued

### Our materiality process continued

### Our top 10 risks and material issues continued

Strategic pillars impacted	Inherent risks 2019	Material issues	Our response to the risks, material issues and opportunities they present
(1) (2) (3) (4)	6 Political and economic risk	> Uncertain global and local economic conditions	> Through our participation in industry bodies and other forums, we monitor conditions and raise our concerns regarding sovereign, political and regulatory risks (see page 105)
	2018: 7		> Ongoing engagement with investors to address their concerns and keep them informed (see page 102)
	7		
	(1) (2) (3)	> Impact of Merensky and UG2 basket price movements on profitability > Re-establishing UG2 at BRPM South shaft	> Retain our operational flexibility so that we can react rapidly to changes in commodity prices and the impact of the R/US\$ exchange rate on our basket price, and consequently our profitability (see page 12)
(1) (2) (3)	8 Power curtailment and water supply shortages (New)	> Impact of power curtailment and water supply shortages on our operating environment	> Bankable feasibility study under way for the development of our own source of solar renewable energy, the first phase of which will service BRPM's initial load (see page 114) > The water treatment plant at BRPM has substantially reduced our reliance on potable water from Magalies Water (see page 119)
	9		
	(1) Environmental risks and climate change  2018: 8	> Environmental management and climate change	> ISO 14001 environmental management system implemented (see page 112) > Ongoing monitoring of environmental licence requirements in place and we address deviations if and when they are identified > Regulatory compliance through external legal compliance auditing and business sustainability framework, strategies and policies in place (see page 104) > Review of water and energy efficiency targets (see pages 116 and 117)
(1)	10 Adequate and appropriate skills  2018: 9	> Availability of evolving skills requirements and retention of skills	> Our substantial and ongoing investment in training and development now includes a Styldrift training centre with simulator training for machine operators. To address the availability of our evolving skills requirements, we have enrolled community members on diesel mechanic learnerships who are being trained to work on the Styldrift fleet (see page 81)



## Emerging risks and opportunities

Risks that could impact our industry or the economy in the future and which could either prevent us from achieving our business strategy and/or our business plan or could facilitate both, include:

- > Cyber security
- > Our ability to innovate, benefit from disruption by leveraging technology, the Internet of Things (IOT) and intelligent mining, to increase productivity, reduce costs, optimise our value chain and positively impact the communities in which we operate
- > Climate change-related issues including decarbonisation of the economy
- > The possible direct impact on our operations and also on the world's large economies of the spread of pandemics (e.g. the coronavirus), which could negatively affect demand for PGMs

## Evaluating performance against our corporate risk tolerance

Measuring performance against planned targets is a vital part of the governance and operational excellence that is part of our core business strategy. A dashboard consisting of several risk indicators, derived from our annual Exco and Board-approved business plan, is evaluated at an operational level across all areas of the business. The actual performance of each indicator is then evaluated against the risk tolerances and to ensure the Company operates within its risk appetite.

Applying principal component analysis we reduced the number of unique indicators from 48 to eight, by identifying the real drivers of performance while still maintaining 85% of the explanatory power. Two additional metrics, total cash operating cost and cash operating cost per tonne milled, were subsequently included to provide context to the cost per platinum ounce and 4E ounce metrics and improve the total dashboard's explanatory power.

These 10 indicators have been identified as the key success measures. They cover the key risks across the manufactured, human, social and relationship and natural capital areas of the business and allow us to measure the health and performance of the business. They focus on: safety, unit costs, development and social and labour expenditure.

Legend: ● Meets risk appetite ● Within limits ● Risk appetite breached

Description	Unit	Actual performance	Performance against risk tolerance	Focus area	Page reference for more information
Unit cost					
1 Tonnes milled	kt	3 847		BRPM, Styldrift and concentrators	See page 55
2 Total cash operating cost	Rm	5 675			See page 57
3 Cash operating unit cost (R/treated tonne)	R/t	1 475			See page 57
4 Cash operating unit cost (R/4E ounce metals in concentrate)	R/4E	14 139			See page 57
5 Cash operating unit cost (R/Pt ounce metal in concentrate)	R/Pt	21 770			See page 57
Development					
6 Total capital expenditure	Rm	1 661		Styldrift	See page 58
7 Total development	km	39.1			See page 53
Safety					
8 Total injuries	No	182		Investing in creating safer leaders	See our Databook 2019 page 22
9 Fatal injuries	No	2		Zero harm	See page 77
Social responsibility					
10 Social and labour plan (SLP) expenditure	Rm	65.8		Meeting our SLP commitments	See page 91

# Chair's review

It is disappointing to once again be reporting on a year when the dismal state of the South African economy has made life very difficult for business and the communities in which we operate.

Globally, it has been an unsettled year politically, overshadowed by the impact of climate change and the need to take urgent action to reduce GHG emissions if we are to slow down climate change.

This year we reviewed RBPlat's efforts to integrate sustainability throughout its operations as part of our annual strategy review. We concluded that RBPlat has done well in this regard in terms of addressing the issues most material to its sustainability (see pages 22 to 24). These include our governance and social performance, environmental management and efforts to reduce the impact of climate change on our operations and the communities in which we operate. We have voluntarily participated in the Climate Disclosure Project's (CDP) climate change disclosures since 2011 and the CDP water disclosure since 2012. In 2019 we achieved B scores for both our submissions and exceeded the average performance of the global metals and mining sector for climate change and also exceeded the average global water performance. However, in light of a rapidly changing environment and our resolve to ensure we continue to put sustainability at the core of everything we do, we will be reviewing our sustainability framework, strategy and implementation plan during 2020, giving specific consideration to climate change, GHG emissions and the potential impact on our business of the carbon tax in the short, medium and long term.

I am proud of the work that RBPlat has done with regard to integrating the United Nations (UN) Sustainable Development Goals (SDGs) into our way of doing things, including developing key performance

indicators for each of the four SDGs that are our main focus. I refer you to our performance in this regard on pages 7 and 9 of this report and in each capital.

It is encouraging that platinum group metals (PGMs) are enjoying strengthened prices and that there is an expectation that this strengthening will continue just as Styldrift reaches full production by the third quarter of 2020 (see page 66).

### Our social performance Safety

Sadly, while we have made good progress with continuing to improve our overall safety performance (see page 77 of the human capital section of this report) we had two fatalities in 2019. On 24 June 2019, Mr Joao Antonio Machava sadly lost his life in a scraper-related accident at BRPM's South shaft. On 22 November 2019, Ms Bontle Sitoe passed away from a pulmonary embolism, after she incurred a hairline fracture of her left ankle, as she stepped out of the office at Styldrift on 16 October 2019. She was at home recovering at the time of her death. On behalf of the Board of RBPlat I wish to extend our condolences to the families, colleagues and friends of Mr Machava and Ms Sitoe.

### Employment equity

I was delighted to see the profiles of three women, whose passion for mining has resulted in them becoming respected leaders in the RBPlat mining team, featured

on pages 71 to 73 of the human capital section of this report.

I was particularly pleased to see how well Tshidi Ramorula, who was present at our listing on the JSE in November 2010, has done in her career. I know we still have some way to go to achieve the Mining Charter III targets for women in mining, but I am pleased to see the percentage of women in mining in RBPlat growing steadily and that women hold important leadership positions in our mines.

It is also very pleasing to see that Grant Magano, who grew up in the nearby village of Luka, was appointed Mine Manager at BRPM having started out in 2010 as Engineering Manager (see page 74).

Overall, RBPlat has made great strides with regard to transforming its workforce, and in particular all levels of management (see pages 72 and 73).





### Labour stability

An important achievement for RBPlat in 2019 was another year of labour stability.

### Striving for community sustainability

Our communities are facing extremely difficult times with unemployment at an all-time high in the North West province where we operate. RBPlat's investment in our SLP is going some way to contributing to community sustainability.

We also made good progress with our efforts to increase the sustainability of businesses in our doorstep communities during 2019, both through our enterprise and supplier development programme and by increasing the opportunities available for them to gain meaningful procurement contracts from RBPlat (see pages 98 and 99).

### Governance

During 2019 the RBPlat Board maintained its focus on leading effectively by ensuring it was kept well-informed regarding business developments through engaging with the executive team and the quarterly reporting provided by its various committees. Board members also engaged with investors on remuneration matters, progress on the Styldrift project and both corporate and operating costs, among other things.

The maintenance of ethical standards and RBPlat's ongoing efforts to achieve an ethical culture remain a key focus of the Board and its commitment to being a responsible corporate citizen. Both the Audit and Risk Committee and Social and Ethics Committee are responsible for monitoring the management of ethics, fraud and corruption in RBPlat (see pages 40 and 41 for more information). The Social and Ethics Committee also monitors RBPlat's efforts to meet its obligations and responsibilities to society and the natural environment (see page 41).

In November 2020 it will be 10 years since RBPlat listed on the JSE and was one of the first companies to publish an integrated report. The

International Integrated Reporting Council (IIRC), which was founded in August 2010, also celebrates its tenth year in 2020. Its integrated reporting framework, which today guides most integrated reporting, was published in 2013. RBPlat continues to strive to improve on its reporting with the aim of providing its stakeholders with concise, accessible and transparent information and we are proud that over the years our efforts have earned our reports a number of awards. The integrated reporting workshop we hold every year, in which the Board and executive team participate, is an important part of our reporting process. In an effort to make our 2019 report more concise and easier to read we have transferred certain detailed information to our Databook 2019, which is available on our website at <https://www.bafokengplatinum.co.za/integrated-reports.php>.

### The way forward

2020 is a milestone year for RBPlat during which it will be bringing the Styldrift project to full production. As a Board, we had to make some tough decisions during the course of the project, which included scaling down the project in 2015 to preserve cash when the South African PGM industry was hit by falling PGM prices and weak demand growth. It is rewarding to see the end of the project in sight.

Having completed the Triple Flag gold streaming agreement (see page 50 of financial capital for details), paid off our debt to Amplats and substantially reduced our capital investment in new projects we will be well-positioned to return some of the value created to our shareholders. To this end the Board of RBPlat has approved a dividend policy of distributing a minimum of 10% of free cash flow, before growth capital, through an annual dividend each financial year (see page 51 of financial capital for more information).

Hopefully, when we report to you in our 2020 integrated report the necessary steps will have been taken to put our economy on a growth path that results in the critically important creation of jobs and the restoration of

hope in the future of South Africa for all South Africans.

### In conclusion

During 2019 we welcomed two Amplats representatives as non-executive directors on our Board, Avischen Moodley and Gordon Smith, who have both made a valuable contribution to our deliberations during 2019. We also welcomed Udo Lucht who replaced David Wilson on our Board. On behalf of the Board, I would like to thank David for the contribution he made to RBPlat during his five years as a member of the Board.

My thanks go to my fellow Board members for their commitment to ensuring the Board fulfils its responsibilities to all RBPlat's stakeholders.

2019 was a challenging year for the RBPlat team, executives, management and employees. On behalf of the Board I would like to thank all of you whose excellent work ensured that we continued to create value for our stakeholders.

**Adv. Kgomotso Moroka SC**  
*Independent Chair*

# Chief Executive Officer's review

## Chief Executive Officer's strategic review

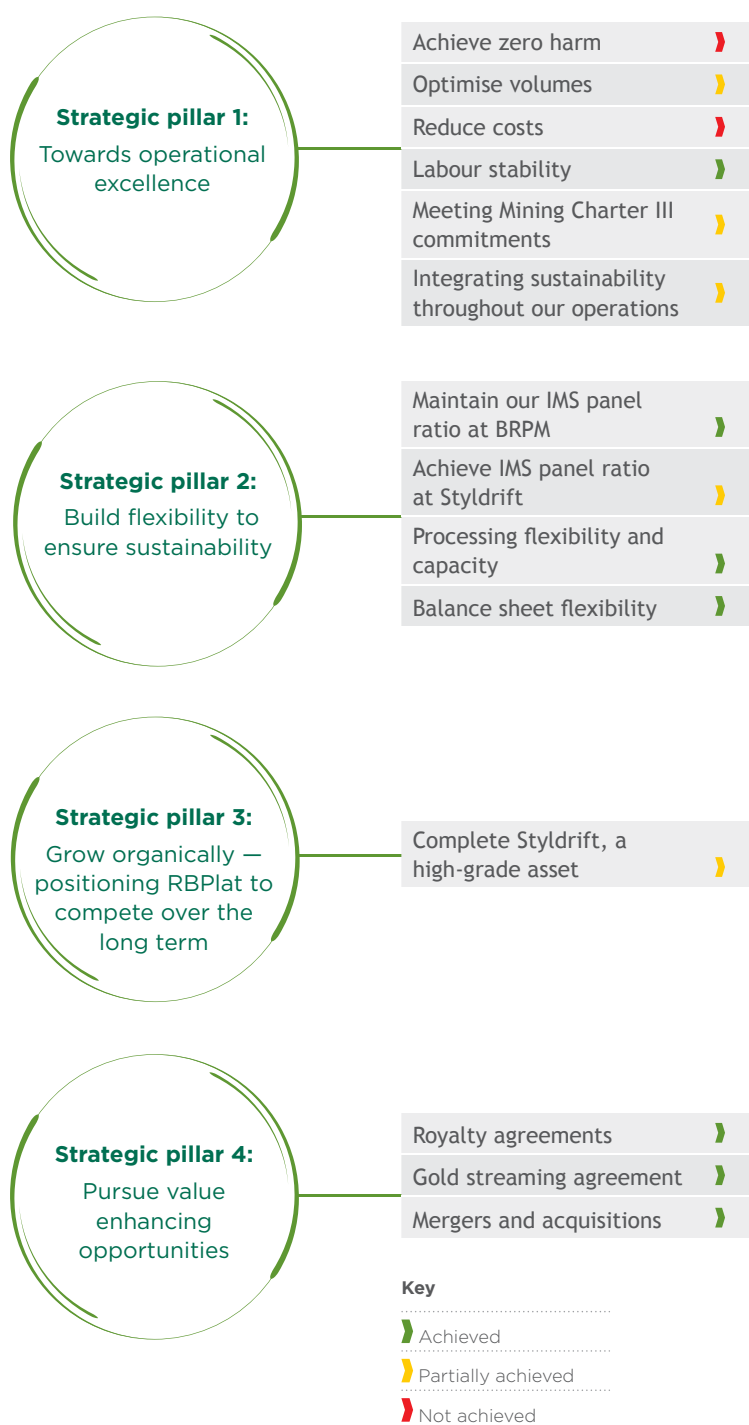
While overall 2019 was a bumpy year, both in terms of the negative impact of the poor state of the country's economy on our operating environment and our own operational

challenges, we were able to make good progress in terms of our key strategic objectives, one of which was to become sole owners of our business through our acquisition of Anglo American Platinum's (Amplats') 33% participation in the BRPM Joint venture.

## Our performance against strategy

### Towards operational excellence

RBPlat is fortunate to have enjoyed excellent labour stability during the 10 years since it took over operational control from Amplats. While operational and regional union elections and wage negotiations did result in a fall-off in production in our operations during 2019, I am happy to report that the elections took place without any incident and we successfully negotiated yet another five-year wage agreement with the new union leadership team representing our full-time employees. Our new wage agreement was achieved at a percentage increase over five years that aligns with the average percentage increase achieved by other PGM industry players for their three-year wage agreements (see page 71 of the human capital section of this report for details).



I believe we can look forward to continued labour stability and working with the new union leadership to create value for all our stakeholders.

Our aspiration is to achieve zero harm and our goal is to keep our people safe and have zero fatalities in our operations. It is therefore very disappointing that we had two fatalities in 2019, which the Chair has already addressed. I would like to extend my condolences to the families, colleagues and friends of Mr Joao Antonio Machava and Ms Bontle Siteo. We will do everything we can to keep all our people safe and achieve our goal of zero fatalities in 2020.

### Building flexibility to ensure sustainability

Key to the sustainability of our business is the ramping up of Styldrift to steady state at a competitive cost for a mechanised mine and our ability to maintain our operational flexibility.

The ramping up of our UG2 production at BRPM's South shaft to 20ktpm during 2019, in response to pricing opportunities, confirmed that we have the operational flexibility to respond rapidly to changing market conditions. It also made it possible for us to profitably extend the life of South shaft and save jobs. In the past we exercised caution and prudence, closing down the mining of UG2 at South shaft when market conditions meant it was no longer profitable. We expect the mining of UG2 at South shaft to remain profitable for the foreseeable future and therefore believe it is time to ramp up its production to 80ktpm by 2023. However, should a change in market conditions result in it no longer being profitable to mine the UG2 ore at BRPM's South shaft we will not hesitate to suspend production.

### Positioning RBPlat to compete over the long term

During 2019, as can be expected during the ramping up of a mine, we encountered a number of difficulties at Styldrift. These included navigating poor ground conditions, which are to be expected, even in an ore body of the quality of that at Styldrift.

Central to a mining operation's ability to effectively manage and mitigate the impact of both known and unknown geological/geotechnical conditions is attaining operational flexibility through the establishment of spare IMS ore reserves. We will only fully attain this operational flexibility on completion of the overall project footprint. As a result, Styldrift will remain exposed to production risks during the ramp-up period. The intersection of a known fault in the north and north-eastern sections and western mining sections combined with a footwall shear zone in the south west, was no exception, contributing to lower than planned crew performances in these areas during the reporting period.

Performance was further impacted by the type of skills required in a mechanised mine, especially those of skilled fleet engineers, together with the challenge of operating with incomplete infrastructure for most of the year, both contributed to our difficulties, particularly in terms of managing costs. The skills shortage at Styldrift has largely been addressed, although we expect it will remain a challenge in the foreseeable future (see page 59 of the manufactured capital and page 81 of the human capital section of this report to see how we have addressed this issue). By year-end the infrastructure required to ramp up the mine to 230ktpm by the third quarter of 2020 had been completed. I refer you to page 66 of the manufactured capital section of this report for information on the progress we made in this regard during 2019 and the timelines we have put in place to ensure we meet our 230ktpm ramp-up goal.

I am confident that the work we have done in 2019 has ensured that we have the ability to reach full production at Styldrift in 2020 and steady state from 2021. The addition of this very modern mine to our operations will cement RBPlat's position as a low cost, high margin operator. Not only does Styldrift have a shallow, high grade, world class ore body that supports mechanisation, but its high quality infrastructure and our use of technology and automation will

allow us to achieve industry-leading safety and operational efficiencies.

The overall performance of BRPM and the processing part of our business is addressed in the manufactured capital section on page 64.

### Investing in our future ability to create value

During the recent down cycle there was a dearth of capital investment in new projects in the South African PGM mining industry, with Styldrift being one of the few capital expansion projects in the industry. Styldrift is therefore one of the few new mines coming on stream at this time, which positions it well for the future.

As we advised at the start of the project, Styldrift is ramping up at a time when PGM prices are expected to remain strong. This is in contrast to previous projects of this nature, which ramped up when the market had already peaked.

### Underpinning our aspiration of achieving *More than mining*

#### Integrating sustainability

RBPlat recognises that in order to achieve sustainability and resilience and mitigate risks it is essential that we manage not only our financial impact but also our environmental and social impacts through an integrated approach to doing business.

Our continued support of the UNGC, of which we are signatories, our contribution to the SDGs (see pages 7 to 9 for our performance in terms of the SDGs) and our application of the UN Voluntary Principles on Security and Human Rights, underpins our aspiration to achieve *More than mining*. The SDGs will not be achieved without the participation of business. I believe we have made good progress in meeting the targets we set ourselves in this regard, however, in order to improve on our performance we are participating with our fellow members of the International Platinum Group Metals Association in an initiative to identify opportunities where we can improve our SDG performance and potentially collaborate to do better.

Our Chair has addressed governance from her perspective as leader of our Board (see page 28). I would like to reiterate the commitment of our executive team to ensuring we practice good governance in RBPlat by applying the mandate we have been given by the Board to act in the best interests of all our stakeholders. This includes working to achieve value creating governance through the integration of good governance principles into our core business practices and processes and the protection of value through effective supply chain governance.

### A no tolerance approach

One of the biggest and most complex issues we urgently need to address in South Africa is corruption. It is essential if we are to turn the tide that we have a no tolerance approach to any form of unethical behaviour in both our internal and external environment. I would like to reaffirm that at RBPlat we will not tolerate unethical behaviour and we are working hard to entrench an ethical culture in RBPlat (see pages 88 and 89) for information on our ongoing initiatives).

### Our communities

During 2019 we continued to engage with our communities, find ways to improve the effectiveness of this engagement and to assist them to become more sustainable, which continues to be extremely challenging in the current economic environment. The sustainability of our supply chain is a key element in our overall sustainability. Following the engagement we had with local businesses in 2018, we put in place processes to assess and develop the capacity of our local businesses and increase our efforts to identify meaningful opportunities for our doorstep communities to participate in our supply chain. When I participated in a similar engagement in 2019 I was pleased to hear from local businesses that while they felt more could still be done they also felt we had made good progress with our efforts to both increase their ability to participate in our supply chain and the opportunities available in which they can participate. The case studies on pages 98 and 99 and the results of



our local procurement during 2019, which can be found on page 96 of this report and in our Databook 2019 at [www.bafokengplatinum.co.za/integrated-reports.php](http://www.bafokengplatinum.co.za/integrated-reports.php), provide information on the progress we have made and the goals we have set in this regard for 2020.

### The external environment

Hopefully, we will see an end to the otherwise cordial dispute regarding the outstanding Mining Charter issues with the court as arbiter in 2020.

During 2019 Eskom's need to curtail electricity supply had some impact on our production. The potential for it to further impact our operations in the next 18 months is concerning (see page 58 of the manufactured capital section of this report for information on our plans to minimise its impact).

The slow pace at which government moves to aggressively deal with the ailing state-owned entities and stimulate economic growth is leading to significant job losses, threatening the sustainability of communities and stagnating economic growth. While I understand and appreciate the pressures government is facing from many angles, it is in the interest of society that government must act decisively and expeditiously, otherwise we all stand to perish into a failed state.

### The way forward

2020 will be a watershed year for RBPlat during which our key focus will be on the ramping up of Styldrift to 230ktpm. Achieving our goal of ramping up BRPM South shaft UG2 to 80ktpm by 2023 is also an important target.

RBPlat is well-positioned to fund most of its growth through internal cash flows during 2020. The signing of the gold streaming agreement with Triple Flag in October 2019 has allowed us to extinguish our debt with Amplats (see page 50 of the financial capital section for information). At the same time we will be investing less capital in new projects, all of which positions us well to return some cash to shareholders. As the Chair has advised, our dividend policy is now in place to reward our investors for

their confidence and patience from the value their participation in our business has allowed us to create (see page 57).

Ensuring a business remains fit for purpose is an ongoing process. We are conducting an in depth operational review in this regard, which commenced in 2019 but will continue throughout 2020 with a view to containing costs and improving margins.

## In conclusion

I would like to thank our Board members for their guidance and support and for ensuring we are able to continue maintaining value creating corporate governance throughout RBPlat. Under their guidance we have a strategy in place that allows us to create sustainable value for our stakeholders and, where possible, meet and exceed our obligations and responsibilities as a responsible corporate citizen, and our aspiration to achieve *More than mining*. My thanks also go to our executive team and our employees whose hard work has allowed us to make good progress during an extremely challenging year. During the year both Glenn Harris, who was General Manager at BRPM from 2006 and Head of Operations from 2014 to 2019, and Mpueleng Poee – our Executive: Corporate Affairs, left us. I would like to thank them both for the valuable contribution they made to RBPlat and wish them well in the future.

I would also like to thank our investors for their faith in our ability to deliver on our strategic objectives and look forward to proving that their faith in RBPlat's ability to deliver was well placed.

**Steve Phiri**  
Chief Executive Officer



## Our leadership

### Our Board of Directors



## Independent non-executive directors

### Adv. Kgomotso Moroka (SC)

**Chair of the Board**

**Age:** 65

**Qualifications:** BProc, LLB

**Date of appointment:** June 2010

**Tenure:** 9 years 6 months

**Independence:** Independent

**Skills and experience:**

A practicing senior advocate, Kgomotso was a member of the Judicial Commission for 15 years and has played a leadership role across a range of industries.

**Significant directorships:**

- Standard Bank Group Limited
- Metmar Limited
- MultiChoice Group
- Nelson Mandela Children's Hospital and Children's Trust Fund

### Peter Ledger

**Age:** 70

**Qualifications:** BSc (Eng) (Rand) Mining, PrEng, FSAIMM

**Date of appointment:** February 2018

**Tenure:** 1 year 11 months

**Independence:** Independent

**Skills and experience:**

Peter's more than 40 years' experience in the mining industry includes spending 30 years in general management positions in southern Africa and being an executive director of Lonmin plc.

### Zanele Matlala

**Age:** 56

**Qualifications:** BCom, BCompt (Hons), CA(SA)

**Date of appointment:** September 2018

**Tenure:** 1 year 4 months

**Independence:** Independent

**Skills and experience:**

Zanele, who is Chief Executive Officer of Merafe Resources Limited, was previously Group Financial Director of Kagiso Trust Investments and Chief Financial Officer of the Development Bank of Southern Africa.

**Significant directorships:**

- Dipula Income Fund
- Stefanutti Stocks Holdings Limited
- RAC Limited

### Mark Moffett

**Age:** 60

**Qualifications:** BCom, CTA, CA(SA)

**Date of appointment:** September 2014

**Tenure:** 5 years 3 months

**Independence:** Independent

**Skills and experience:**

Mark, who is an independent consultant, previously spent over 25 years in senior financial positions, initially with Anglo American plc and the De Beers group, then as Chief Financial Officer of Xstrata Alloys and Group Controller for Xstrata plc.

**Significant directorships:**

- Exxaro Resources Limited

### Thoko Mokgosi Mwantembe

**Age:** 58

**Qualifications:** MSc

**Date of appointment:** November 2014

**Tenure:** 5 years 1 month

**Independence:** Independent

**Skills and experience:**

The Chief Executive Officer of Kutana Investments, Thoko previously held executive positions at Telkom Limited, Siemens Telecommunications, Alcatel SA and Hewlett Packard SA where she was Chief Executive Officer.

**Significant directorships:**

- Old Mutual Limited
- Omnia Group Proprietary Limited

### Mike Rogers

**Age:** 75

**Qualifications:** BSc (Eng) (Rand) Mining, PrEng, FSAIMM

**Date of appointment:** December 2009

**Tenure:** 10 years

**Independence:** Independent

**Skills and experience:**

Mike served in operational, technical, managerial and executive capacities in the southern African mining industry for over 50 years. During this period, he gained experience in underground and surface mining and beneficiation in the coal, gold, platinum, copper and antimony industries. He is a past president of the South African Institute of Mining and Metallurgy.

### Louisa Stephens

**Age:** 43

**Qualifications:** BBusSc (Finance), CD(SA), CA(SA)

**Date of appointment:** September 2014

**Tenure:** 5 years 3 months

**Independence:** Independent

**Skills and experience:**

Louisa, who is an independent financial trader at Prime Select Holdings, was previously Chief Investment Officer of Circle Capital Ventures Proprietary Limited and a fund manager at the uMnotho Fund. Her experience in acquisitions and leverage finance was gained while working in RMB's Investment Banking division.

**Significant directorships:**

- African Bank Group
- MultiChoice Group
- Institute of Directors in Southern Africa (NPC)

## Non-executive directors

### Udo Lucht

**Age:** 42

**Qualifications:** BCom (Hons), CA(SA), CFA

**Date of appointment:** September 2019

**Tenure:** 4 months

**Independence:** Not independent

**Significant directorships:**

- YeboYethu (RF) Limited
- RMB Holdings Limited (alternate)
- Rand Merchant Investment Holdings Limited (alternate)
- Liquid Telecommunications Holdings Limited (alternate)

**Skills and experience:**

Udo is Chief Investment Officer of Royal Bafokeng Holdings (RBH). Prior to joining RBH, he worked in Rand Merchant Bank's Investment Banking division as a senior resource finance transaction. Before joining the RBPlat Board, he was a non-executive director of Impala Platinum Holdings Limited and Vodacom Proprietary Limited.

### Avischen Moodley

**Age:** 36

**Qualifications:** BBusSc (Actuarial Science) FIA, CFA

**Date of appointment:** January 2019

**Tenure:** 1 year

**Independence:** Not independent

**Skills and experience:**

Avischen, who is the CFO: Managed Operations for De Beers Group, has 14 years' experience in the minerals industry, over eight years of which have been in the PGM industry. He also served on the BRPM Management Committee in 2011 and 2012.

**Significant directorships:**

- De Beers Consolidated Mines Proprietary Limited
- De Beers Canada Inc.
- De Beers Marine Proprietary Limited

### Obakeng Phetwe

**Age:** 42

**Qualifications:** BCom (Hons), CA(SA)

**Date of appointment:** February 2018

**Tenure:** 1 year 11 months

**Independence:** Not independent

**Skills and experience:**

Obakeng is Chief Executive Officer of the Royal Bafokeng Nation Development Trust (RBNDT).

**Significant directorships:**

- Royal Bafokeng Holdings
- RMB Holdings Limited
- RMI Holdings Limited
- MOGs Oil and Gas Proprietary Limited

### Gordon Smith

**Age:** 61

**Qualifications:** BSc Eng (Mining), MSc Eng, MBA, PhD, PrEng

**Date of appointment:** January 2019

**Tenure:** 1 year

**Independence:** Not independent

**Skills and experience:**

Executive Head: Technical, Safety and Sustainability for Amplats, Gordon has extensive minerals industry experience across precious metal, base metal, ferrous metal, chrome, diamond, semiprecious stone and coal operations. An associate professor at the University of the Witwatersrand School of Mining Engineering, he is an honorary life fellow and past president of the Southern African Institute of Mining and Metallurgy and a member of the South African National Institute of Rock Engineering.

**Significant directorships:**

- Rustenburg Platinum Mines Limited

## Executive directors

### Steve Phiri

**Chief Executive Officer**

**Age:** 63

**Qualifications:** BJuris, LLB, LLM, Dip Corp Law

**Date of appointment:** April 2010

**Tenure:** 9 years 8 months

**Skills and experience:**

Steve joined RBPlat from Merafe Resources, a ferrochrome company listed on the JSE, where he was CEO for six years. He previously headed up Corporate and Legal Affairs for RBN and was involved with the Nation's negotiations with Implats.

### Hanré Rossouw

**Financial Director**

**Age:** 44

**Qualifications:** BEng, BCom (Hons), MBA (Oxon)

**Date of appointment:** October 2018

**Tenure:** 1 year 2 months

**Skills and experience:** Hanré joined RBPlat from Investec Asset Management where he was a portfolio manager covering precious metals and South African resource equities. Before joining Investec he was Chief Financial Officer of Xstrata Alloys, having previously been Head of Investor Relations and Senior Manager Strategy and Business Development at Xstrata plc.



## Our leadership continued

### Executive Committee (Exco)

Members of Exco attend the Board and committee meetings by invitation.



For more information on the skills and expertise of our Exco refer to [www.bafokengplatinum.co.za/leadership-executive-committee.php](http://www.bafokengplatinum.co.za/leadership-executive-committee.php)

**Steve Phiri (63)**  
**Chief Executive Officer and Chair of Exco**  
 BJuris, LLB, LLM, Dip Corp Law  
 Joined Exco in April 2010

**Value added to Exco:**

Over 15 years as chief executive officer and company director; corporate legal and business and strategy development expertise

**Hanré Rossouw (44)**  
**Financial Director**  
 BEng, BCom (Hons), MBA (Oxon)  
 Joined Exco in October 2018

**Value added to Exco:**

Chief financial officer, investor relations, strategy and business development expertise

**Neil Carr (60)**  
**Chief Operating Officer**  
 BSc (Mechanical Engineering), EDP (INSEAD)  
 Joined Exco in December 2010

**Value added to Exco:**

Operational, mining, project management, human resources and general management expertise

**Reginald Haman (45)**  
**Executive: Strategy, Risk, Assurance and Sustainability**  
 MBA, PGDBA, Graduate Diploma in Company Direction, NHD, ND, EDP  
 Joined Exco in October 2012

**Value added to Exco:**

Strategy and business development, business risk management, sustainability, assurance, governance and special projects expertise

**Lindiwe Montshiwagae (48)**  
**Executive: Investor Relations**  
 BCompt (Hons), MCom (Financial Management), MDP  
 Joined Exco in August 2016

**Value added to Exco:**

Investor relations, corporate finance and strategy development expertise

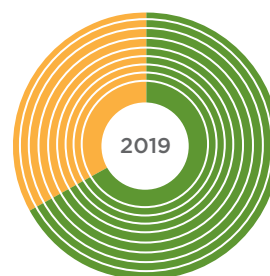
**Vicky Tlhabanelo (59)**  
**Executive: Human resources**  
 BCom (Hons), MM (Master in Management), Diploma Management and Accounting  
 Joined Exco in April 2010

**Value added to Exco:**

More than 20 years as an executive in various industries including banking, retail, research, agriculture, academic institutions, mining and development, human resource, leadership, strategy, special projects and general management expertise

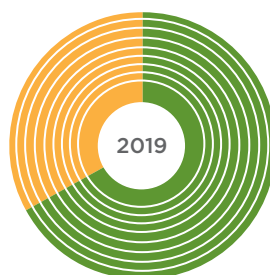
See the remuneration review on pages 125 to 134 for details of executive remuneration

#### Exco gender composition



Male (67%)  
 Female (33%)

#### Exco racial composition



HDSA (67%)  
 Non-HDSA (33%)

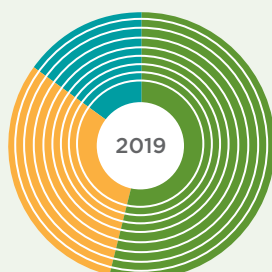
#### Skills and experience

Business development and strategy	57%
Finance, mergers and acquisitions	67%
Stakeholder engagement	50%
Human resources and industrial relations	17%
Mining, operational, technical and engineering expertise	33%
Risk management	17%

# Creating value through good governance\*

The independence of our Board protects shareholder interests:

> **54%** of our Board members are independent (2018: 64%)



- Independent non-executive (54%)
- Non-executive (31%)
- Executive (15%)

RBPlat benefits from having a Board with a wide range of technical and leadership skills that add value to our business.

These include:

Finance/commercial	85%
Mining/processing/engineering	54%
Strategy/analysis	92%
Risk/compliance	88%
Stakeholder relations	73%
ICT/technology	62%
Human resources	85%
Operational	69%
Governance	73%

## Audit and Risk

All members are independent non-executive directors

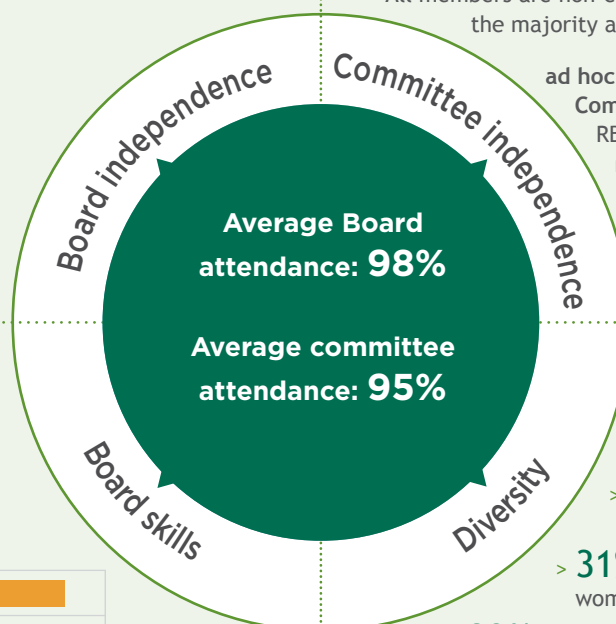
## Nomination and Remuneration:

All members are independent non-executive directors

## Social and Ethics:

All members are non-executive directors and the majority are independent

ad hoc Finance and Technical Committee membership includes RBPlat executives and Board members



## Board diversity

> **54%** of our directors are HDSA (target of 50%)

> **57%** of our independent directors are HDSAs

> **31%** of our directors are black women (target 50%)

> **23%** of our directors are HDSA men

> Average age of our Board members is 47

## Exco diversity

> **67%** of executives are HDSAs

> **33%** of our executives are women

## Tenure of non-executive directors

0 – 4 years	6					
5 – 8 years	3					
9 – 10 years	2					

## Trade-offs

While the inclusion of the two directors nominated to the RBPlat Board by Amplats (as a condition of the agreement covering the sale of its 33% interest in the BRPM JV to RBPlat) has reduced the gender and racial diversity of our Board and its independence, we have been fortunate to benefit from their extensive mining and corporate finance expertise during their tenure on the RBPlat Board.

## Age of directors (see pages 125 to 134 for information on succession planning)

35 – 45	50 – 64	65 – 75

Non-executive directors	
Executive directors	



\* All the data provided on this page is as at 31 December 2019 and detailed governance information is available in our Databook 2019 on our website at [www.bafokengplatinum.co.za/integrated-reports.php](http://www.bafokengplatinum.co.za/integrated-reports.php)




## Creating value through good governance\* continued




*I am proud of our Board's collective commitment to leading ethically, acting in good faith and in the best interests of the business. By appointing strong, independent directors, with an extensive range of relevant expertise and experience to its Board and equipping us with a good working knowledge of its business, RBPlat has ensured we have the competence to lead effectively and contribute to value creation for its stakeholders.*

Adv Kgomotso Moroka  
Chair



The Board of RBPlat and its executive team work together to deliver on our purpose of creating economic value for all our stakeholders by delivering *More than mining*, ensuring that our strategy and business model are fit for purpose in the short, medium and long term and that we retain the flexibility to adapt rapidly to changing market conditions and ensure the sustainability of the business. We do so by constantly monitoring the macro environment and its potential impact on our business; our risks and opportunities; the performance of our business and our performance in terms of society, the environment and achieving the benefits of practicing good corporate governance.  <sup>1</sup>  <sup>2</sup>  <sup>3</sup>  <sup>4</sup>  <sup>16</sup>




### The purpose of our approach to governance

Our approach to corporate governance which includes our adoption of the King IV principles, is an essential part of our value creation process, is integrated into our Board-approved strategies, policies, standards, practices and procedures. It is designed to support the achievement of a high standard of corporate governance. It supports the achievement of business sustainability and the delivery of our purpose of achieving *More than mining* by enhancing accountability and transparency and facilitates effective performance, risk and opportunity management and compliance.  <sup>4</sup>

To ensure RBPlat maintains a balance between its efforts to provide stakeholder rewards with its responsibilities as a responsible corporate citizen we have in place Board-developed risk appetite statements and risk tolerances, which the Audit and Risk Committee monitors on behalf of the Board (see page 25). Details of our management and governance of risk can be found on page 20 of this report and in Databook 2019 at [www.bafokengplatinum.co.za/integrated-reports.php](http://www.bafokengplatinum.co.za/integrated-reports.php).   <sup>3</sup>  <sup>4</sup>

### Governance structures and delegation that achieve effective control and a clear balance of power

Our governance framework positions our Board as the custodian of corporate governance in RBPlat and provides it with effective control of the business. Its role and responsibilities are set out in its Charter and Memorandum of Incorporation (MOI), which also set out the shareholders' delegation of authority to the Board, which has a formal schedule of matters reserved for its consideration and decision. (See our Databook 2019 for a diagram of our governance structures at Board, executive management and operational level.)  <sup>6</sup>  <sup>8</sup>

Through the appointment of strong, independent directors and the separation and a clear definition of the roles and responsibilities of the Chair and Chief Executive Officer, RBPlat has established a clear balance of power and authority at Board level. The Chief Executive Officer in turn delegates authority to his executive team, who are provided with clear definitions of their responsibilities and accountabilities. Their performance is measured against agreed key performance indicators and the Company's performance, which are also used to determine their compensation (see the remuneration review on pages 125 to 134).  <sup>7</sup>  <sup>10</sup>  <sup>14</sup>

The Nomination Committee is mandated by the Board to monitor executive level talent management and succession planning.  <sup>10</sup>



\* More detailed governance information is available in our Databook 2019 on our website at <https://www.bafokengplatinum.co.za/integrated-reports.php>

## Leading effectively

### Engaging with the business on strategy

The Board, which has developed an understanding of the business through engagement with management and regular visits to the operations, steers and sets the strategic direction of RBPlat. Our annual strategy session, attended by the Board and the executive team, includes an in-depth review of the strategy and business plan presentations on issues material to the future of the business. This year it included an underground site visit to the Styldrift operation. [K](#)<sup>1</sup>

### Ethics

The Board addresses the challenging task in the current environment of governing ethics in a manner that supports the establishment of an ethical culture in RBPlat. It mandates both its Audit and Risk and Social and Ethics committees with responsibility for the monitoring and management of ethics, fraud and corruption in RBPlat (see page 88 of this report for information on our ongoing initiatives and those that have taken place during 2019 as part of our efforts to entrench an ethical culture). [K](#)<sup>2</sup>

### Corporate citizenship

The Board ensures that RBPlat meets and where possible exceeds its obligations and responsibilities to society and the natural environment on which society depends, and contributes to the sustainable development of the communities in which we operate, mainly through meeting its Mining Charter III social and labour plan commitments (see pages 90 to 99 for information on our social and relationship performance and pages 106 to 122 for our performance in terms of the natural environment). [K](#)<sup>3</sup>

The Board also ensures that RBPlat meets its commitments as a signatory of the United Nations Global Compact (UNGC), which in 2019 included submitting an Advanced Communication on Progress.

Our Board diversity policy is in place, which includes gender diversity targets.

## Stakeholder inclusivity

### Adopting a stakeholder-inclusive approach

By effectively governing RBPlat through its oversight and monitoring of performance, and identifying stakeholders through engagement, and taking into consideration our stakeholders' interests, needs and expectations, our Board and management contribute value to both the business and its stakeholders (see pages 100 to 105 of relationship section of this report for more information). [K](#)<sup>16</sup>

## Evaluating performance

### Board performance

Evaluating its performance in terms of applying the King IV™ principles and outcomes provides the RBPlat Board with a mechanism with which to assess its governance performance and make improvements if necessary. In 2019 the Board's overall performance and that of its committees and individual members of the Board were also assessed by an independent body. The results of this process are discussed on page 38. [K](#)<sup>9</sup> By effectively governing RBPlat through its oversight and monitoring of performance, and taking into consideration our stakeholders' interests, our Board and management contribute value to both the business and its stakeholders. [K](#)<sup>16</sup>

### Executive performance

Executive performance is evaluated against agreed company and individual key performance indicators (KPIs), which include environmental, social and governance performance indicators. Performance against these KPIs forms the basis for the determination of short-term incentives, including salary increases and bonuses as well as long-term incentives (see pages 125 and 134 of the remuneration review for details).

## Assessing the effectiveness of our Board and its committees

**During 2019 a comprehensive evaluation of the effectiveness of our Board and its committees was conducted by independent external evaluators.**

### Overall assessment

Overall, the evaluators concluded that the Board and its committees discharge their duties effectively and have recommended certain actions to enhance Board and director development.

### Board independence

Two of our independent directors, Adv. Kgomotso Moroka (Chair of the Board) and Mike Rogers (Chair of the Social and Ethics Committee), have more than nine years' service on the Board. It was therefore necessary to review their independence. Having conducted in-depth assessments of their fellow directors, Board members concluded that they can still be considered to be independent.

### Board deliverables

Furthermore, based on the recommendations arising from its evaluation the Board will be deciding on actions it plans to take to further improve its effectiveness.

Based on its engagement with investors, key areas of focus for the Board during 2020 will be as follows:

- > The sustainable ramp-up of Styldrift to 230ktpm
- > Restructuring of the business to reduce costs, remove duplication, increase efficiencies and make it fit for purpose in the long term
- > Succession planning for the Board and executive management
- > Increased integration of the ICT strategy with our strategy, operations and business plans

### Individual assessments

In addition, the Board, its committees and individual directors and some key positions were also assessed. These individual assessments included the Chair, the Chief Executive Officer, the Financial Director and the Company Secretary. While these office holders were found to be competent and sufficiently experienced to carry out their roles, certain areas of improvement were recommended to enhance development and effectiveness.

## What kept our Board busy this year and what will keep it busy in 2020

Strategy link	Topic	Focus in 2019	Page reference for information on performance	Focus in 2020
1 2 3 4	Business plans	Performance against plans: <ul style="list-style-type: none"> <li>&gt; Progress towards achieving Styldrift 230ktpm milestone</li> <li>&gt; Safety, health and wellness performance</li> <li>&gt; Cost management</li> <li>&gt; Labour stability (wage negotiations and NUM elections)</li> </ul>	Pages 65 and 66	<ul style="list-style-type: none"> <li>&gt; Styldrift and South shaft UG2 ramp-up</li> <li>&gt; Leadership transformation and succession planning</li> <li>&gt; Overhead cost structure</li> <li>&gt; Production performance and delivery against targets</li> <li>&gt; UG2 mining and its sustainability</li> <li>&gt; Improve oversight of climate-related matters</li> </ul>
1 2 3 4	Strategic plans	Performance against strategy	Page 29	<ul style="list-style-type: none"> <li>&gt; Review performance against strategy and ensuring it remains relevant in a rapidly changing environment</li> </ul>
1 2 3 4	Performance in terms of risk appetite dashboard	Realigning risk appetite and tolerances with Company strategy and business plan, track performance against it and put corrective measures in place to get back on track where necessary	Page 25	<ul style="list-style-type: none"> <li>&gt; Review the Company's risk-bearing capacity, set appropriate risk appetite statements and levels and realign the strategic KPIs that drive business performance</li> </ul>
1 2	Funding requirements and balance sheet optimisation	Review rights offer and Triple Flag gold streaming agreement to reduce leverage on our balance sheet	Page 50	<ul style="list-style-type: none"> <li>&gt; Ongoing balance sheet optimisation</li> </ul>
2	Ensuring RBPlat maintains the flexibility it requires to respond rapidly to changes in market conditions	Meet UG2 targets at BRPM South shaft	Page 64	<ul style="list-style-type: none"> <li>&gt; Monitor market conditions, ensure we can respond rapidly to changes in market conditions and create value for our stakeholders</li> </ul>
1	Stakeholder engagement on matters material to our stakeholders' decision-making	The Board engaged with investors on issues of concern to them at the AGM and during roadshows to investors	Page 102	<ul style="list-style-type: none"> <li>&gt; Maintain transparent engagement with investors and keep them updated on progress with addressing matters of concern to them</li> </ul>
1	The impact of meeting the requirements of Mining Charter III	Monitored RBPlat's performance against the new Charter and the industry's efforts regarding outstanding matters	Pages 72 and 73, 96	<ul style="list-style-type: none"> <li>&gt; RBPlat's performance against the Mining Charter</li> <li>&gt; Mining industry's efforts to resolve disagreement on key Mining Charter III principles</li> </ul>

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## What kept our Board committees busy this year and what will keep them busy in 2020 continued

Strategy link	Focus in 2019	Page reference for information on performance	Focus in 2020
<b>Audit and Risk Committee</b>			
1	Review operational and financial metrics at Styldrift Reinforced supply chain governance structures and ensured alignment in the business through centralisation following supply chain investigations	Pages 65 and 66, 88	Focus on Styldrift and its ramp up to 230ktpm and application of knowledge gained during its ramp-up to 150ktpm to achieve operational excellence with the assistance of the ad hoc Technical Committee.  Ensure cost structures are aligned to provide line of sight operationally
1 2	Progress with addressing the gaps in RBPlat's technology and information governance	Pages 83 and 84 Databook 2019 	Data integration strategy that will support integrated thinking and ensure integration of IT into RBPlat's business plans and strategy; and finalise an integrated cost-effective digital strategy
1	The need to ensure we comply with the changes to the JSE process for the appointment of external auditors	Page 11 Databook 2019  	Address rotation of external auditors and review decision to keep Internal Audit function inhouse and at the same time ensure RBPlat has the right skills on board in both functions going forward
1	Assessing independence of the Internal Audit function, that the checks and balances are in place to ensure it maintains independence and that there is a regular review of its independence and the quality of work	Page 11 Databook 2019 	Gain insight into how best to maintain operational sustainability and monitor ongoing efforts to improve cost-effectiveness and efficiencies
1	Linking risk management with the new business plan Ensuring independent review of risk, assurance and sustainability functions in place	Pages 5, 8 and 10 Databook 2019 	Scrutinise climate-related financial information in order to better understand climate risks and opportunities
1 2 3	Rights offer and Triple Flag streaming agreement aimed at reducing leverage on our balance sheet	Page 50	Ongoing focus on capital allocation and balance sheet optimisation
1	Established capital management scorecard	Page 50	Liaise with the Remuneration Committee on the capital management scorecard
1	Monitoring of fraud risk management	Page 88	Ongoing monitoring of fraud risk management

Strategy link	Focus in 2019	Page reference for information on performance	Focus in 2020
<b>Social and Ethics Committee</b>			
1	Monitoring of efforts to ensure an ethical culture in RBPlat	Page 88	Continued focus on maintaining ethical standards throughout RBPlat
1	Climate change management	Page 113	Implementation of revised water and energy management strategies
1	Keeping abreast of changes in environmental and sustainability legislation	Page 124	Monitor progress towards addressing climate change and implementation of new rehabilitation legislation
2	Sustainability (including ESG) performance	Page 124	Update climate strategy to include TCFD findings
1	Progress with entrenching an ethical culture at RBPlat	Page 88	Ongoing monitoring of conduct in terms of the code of conduct and whistleblowing
1	Implementation of human rights training for security practitioners	Page 71	Ongoing monitoring and oversight
2	Progress with the implementation of our Mining Charter III social and labour plans (SLPs)	Page 91	Progress with the implementation of our Mining Charter III SLPs
1	Addressing safety, health and wellness performance	Page 77	Addressing safety, health and wellness performance
1	Liaising with Remuneration Committee on the ethics of remuneration and the aim of increasing the influence of environmental, social and governance (ESG) matters on remuneration	Pages 125 to 134	Liaising with Remuneration Committee to assess and monitor the effectiveness of KPIs to reflect ESG performance on remuneration

## What kept our Board committees busy this year and what will keep them busy in 2020 continued

Strategy link	Focus in 2019	Page reference for information on performance	Focus in 2020
<b>Nomination Committee</b>			
1	Board and executive succession plans	Page 125	Ongoing monitoring of status of Board and executive succession plans
<b>Remuneration Committee</b>			
1	<ul style="list-style-type: none"> <li>&gt; Shareholder engagement on remuneration policy</li> <li>&gt; Remuneration reporting alignment to King IV guidelines</li> <li>&gt; Development of minimum shareholding requirements and policy</li> <li>&gt; Development of malus and clawback policies</li> <li>&gt; Improve key performance area (KPA) structure by increasing Company performance weighting for executives</li> <li>&gt; Introduction of safety modifier to replace previous safety KPA measure: <ul style="list-style-type: none"> <li>– (5%) for one to two fatal accidents</li> <li>– (10%) for three fatal accidents</li> <li>– (20%) for more than three fatal accidents</li> </ul> </li> <li>&gt; Implementation of revised forfeitable share plan, incorporating measures for ESG and capital management</li> </ul>	Pages 125 to 134	<p>Implementing minimum shareholding requirements, malus and clawback policies</p> <p>Ensuring alignment of remuneration policy to King IV principles</p> <p>Improving remuneration reporting to ensure alignment with shareholder expectations</p>
<b>ad hoc Technical Committee</b>			
3	Mainly concerned with progress at Styldrift, capex, performance against operational business plan and optimisation of operations	Pages 65 and 66	Progress at Styldrift, performance against business plan and optimisation of operations
<b>ad hoc Finance Committee</b>			
1	RBPlat's overall funding requirements, review of business plans, viability of corporate actions and compliance with applicable legislation	Page 67	Funding requirements, business plan performance, compliance with applicable legislation

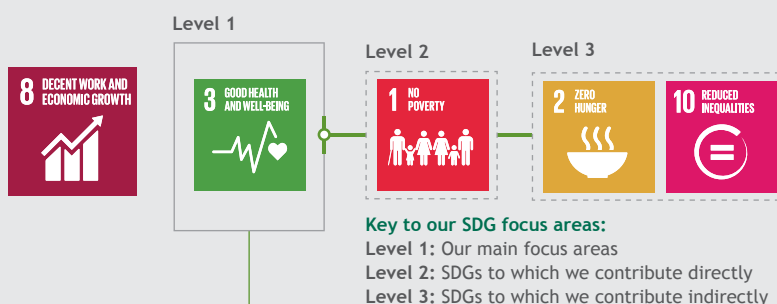


# Financial capital

**In 2019 our investment in our financial capital addresses our most material financial capital issues in the short, medium and long term, which are:**

- > **Balance sheet optimisation**  
see page 50
- > **Cost management and efficiencies**  
see page 47
- > **The impact of the Merensky and UG2 basket price movements on profitability**  
see pages 47 and 48
- > **Resource allocation/capital allocation**  
see page 51

## Other SDGs impacted



Promoting sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all is one of RBPlat's four main UN SDG focus areas. It involves our ability to grow our stock of financial, manufactured, human, intellectual and social capital. The key performance indicator (KPI) against which we measure our financial capital contribution to SDG 8 is through revenue generation

## Key features in 2019

**106.6% increase**  
in revenue to R7 491.9 million

**248.4% increase**  
in EBITDA to R1 756.4 million

**147.2% improvement**  
on headline earnings year-on-year to R123.1 million

**48.6% increase**  
in royalties from Implats year-on-year

## Our KPI

### SDG 8 target SDG 8.1

Sustain per capita economic growth in accordance with national circumstances and, in particular, at least 7% gross domestic product growth per annum in the least developed countries



Revenue generation

**R7 491.9 million**

2018: R3 627.1 million

# Statement of financial position

## Summary consolidated statement of financial position at 31 December 2019

	% change year-on- year	2019 R (million)	2018 Restated <sup>^</sup> R (million)
<b>Non-current assets</b>	3.2	<b>22 160.7</b>	21 483.9
Property, plant and equipment	4.8	15 367.4	14 661.6
Mining rights	(2.6)	5 502.7	5 647.7
Environmental trust deposit and guarantees investments	8.3	245.9	227.0
Deferred tax asset	(16.6)	58.2	69.8
Employee housing loan receivable, benefit and other	12.4	986.5	877.8
<b>Current assets</b>	19.0	<b>4 790.0</b>	4 026.7
Employee housing asset and benefit	(8.9)	720.1	790.7
Inventories and trade and other receivables	35.4	3 185.2	2 352.5
Derivative financial asset	100.0	70.5	—
Cash and cash equivalents	(7.8)	814.2	883.5
<b>Total assets</b>	5.6	<b>26 950.7</b>	25 510.6
<b>Equity and liabilities</b>			
<b>Total equity</b>	6.8	<b>16 186.6</b>	15 158.3 <sup>^</sup>
<b>Non-current liabilities</b>	6.0	<b>9 024.5</b>	9 595.9 <sup>^</sup>
Deferred tax liability	(2.1)	3 846.5	3 766.6 <sup>^</sup>
Convertible bond liability	(6.4)	1 049.5	986.7
PIC housing facility	(10.9)	1 440.9	1 299.6
Interest-bearing borrowings	20.9	1 305.5	1 650.0
RPM deferred consideration	33.8	1 073.4	1 621.6
Lease liabilities	(100.0)	16.2	—
Restoration, rehabilitation provision and other	(7.8)	292.5	271.4
<b>Current liabilities</b>	(130.0)	<b>1 739.6</b>	756.4
<b>Total equity and liabilities</b>	(5.6)	<b>26 950.7</b>	25 510.6
<b>Net asset value per share (cents per share)</b>	(16.4)	<b>63.2</b>	75.6 <sup>^</sup>

<sup>^</sup> Refer to Note 27 in the annual financial statements for details of the restatement relating to correction of error

Note: The summary consolidated statement of financial position, summary consolidated statement of comprehensive income and summary consolidated statement of cash flows are only summaries of the full set of the 2019 consolidated financial statements available online and do not contain full details. Any investment decisions by investors or shareholders should be based on consideration of the full set of consolidated financial statements published online on RBPlat's website ([www.bafokengplatinum.co.za](http://www.bafokengplatinum.co.za))

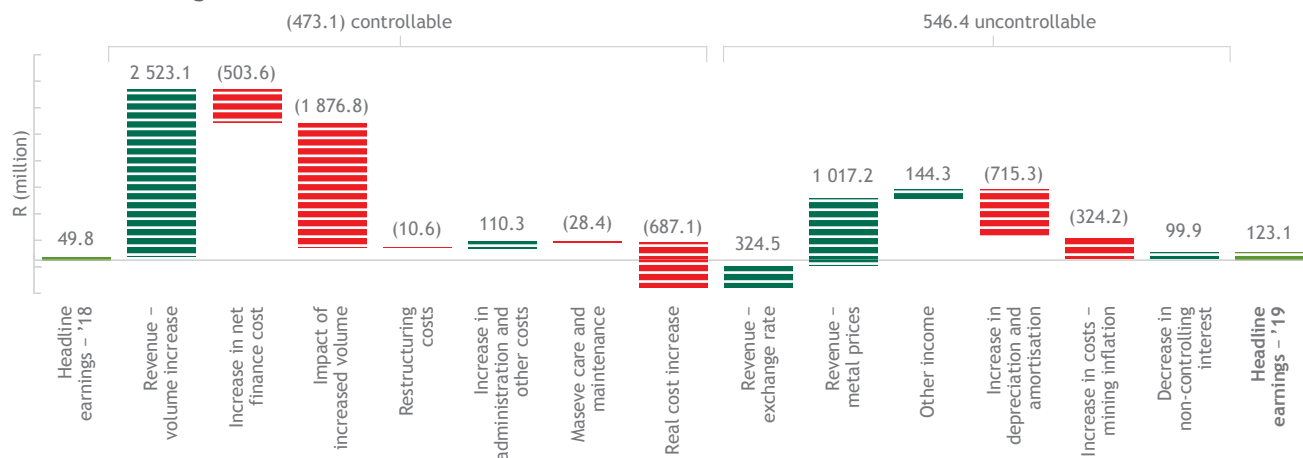
## Summary of consolidated statement of comprehensive income for the year ended 31 December 2019

	% change year-on- year	2019 R (million)	2018 R (million)
Revenue	106.6	7 491.9	3 627.1
Cost of sales	(105.3)	(6 810.6)	(3 317.2)
<b>Gross profit</b>	119.8	<b>681.3</b>	309.9
Other income	116.0	267.9	124.0
Administration expenses	(18.7)	(337.2)	(284.0)
Corporate office	24.4	(187.3)	(247.8)*
Housing project	(351.2)	(53.5)	21.3
Industry membership and market development	0.6	(16.6)	(16.7)*
Maseve care and maintenance and other costs	(69.6)	(69.2)	(40.8)
Restructuring costs	(100.0)	(10.6)	—
Gain on bargain purchase	(100.0)	—	118.3
Scrapping and impairment of non-financial assets	(124.0)	(58.9)	(26.3)
Net finance (cost)/income	(679.6)	(429.5)	74.1
<b>Profit before income tax</b>	(60.9)	<b>123.6</b>	316.0
Income tax credit/(expense)	1.7	(59.5)	(60.5)
Non-controlling interest	100.0	—	(99.9)
<b>Profit attributable to the owners of the Company</b>	(58.8)	<b>64.1</b>	155.6
Headline earnings	147.2	123.1	49.8
Basic earnings per share (cents per share)	(66.3)	26.3	78.1
Diluted earnings per share (cents per share)	(64.1)	26.3	73.3
Basic headlines earnings per share (cents per share)	101.6	50.4	25.0
Diluted headline earnings per share (cents per share)	101.6	50.4	25.0
Dividend per share (cents per share)	—	—	—

\* R16.7 million of corporate office costs has been reallocated and disclosed separately as industry membership and market development

## Financial capital continued

### Headline earnings



2019 was a remarkable year on RBPlat's journey to deliver on its strategic objectives. Our financial performance for the year reflects the significant progress we made with our:

- > pursuit of value-enhancing opportunities in our first full year as 100% owner and operator of our business. This followed the finalisation of the acquisition of Anglo American Platinum's 33% participating interest in the BRPM Joint Venture (BRPM JV) and the subsequent dissolution of the JV
- > organic growth strategy as Styldrift successfully achieved commercial production in late 2018 and was included in the Group's

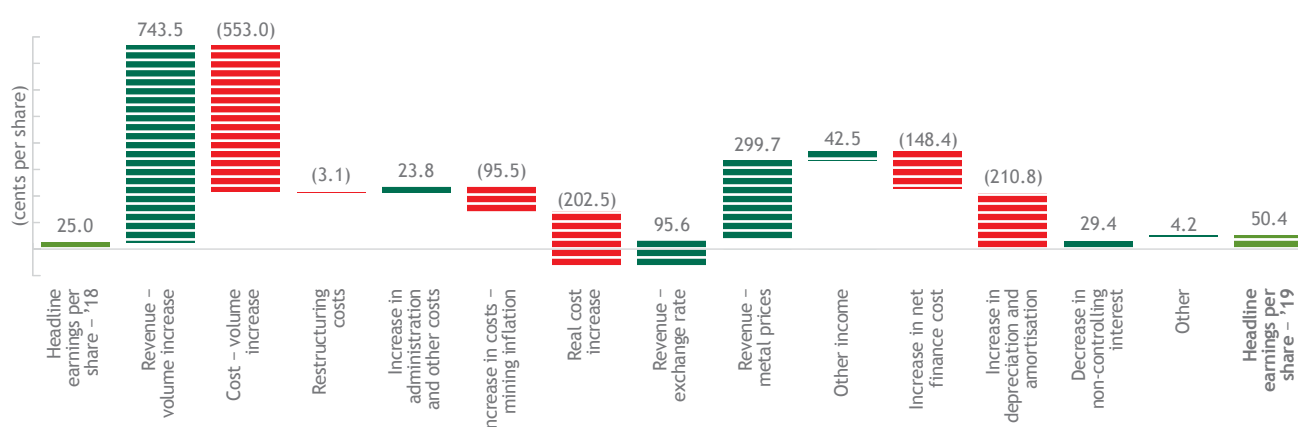
statement of comprehensive income from 1 January 2019. The mine's ramp-up to its full capacity of 230ktpm in the third quarter of 2020 is expected to result in continued improvement in the profitability and cost-competitiveness of Styldrift, a trend that was already evident during the second half of 2019

- > enhanced flexibility as the ramp-up of Styldrift and the integration of the recently acquired Maseve concentrator increases the operational flexibility of our business, which now comprises two mines and two concentrators. The operational flexibility provided by our access to both the Merensky

and UG2 reefs allowed us to respond to pricing opportunities that arose, particularly with regard to palladium and rhodium, by extending the life of BRPM's South shaft through recommencing the mining of UG2 at South shaft.

The transformation of our business, assisted by improving macro market conditions, resulted in a 147.2% improvement in headline earnings to R123.1 million in 2019 (2018: R49.8 million). Our headline earnings per share improved year-on-year to 50.4 cents (2018: 25.0 cents) while our basic earnings per share was 26.3 cents compared to 78.1 cents for the year ended 31 December 2018.

### Headline earnings per share



### Factors impacting earnings

During 2019 our earnings per share (EPS) were also impacted by:

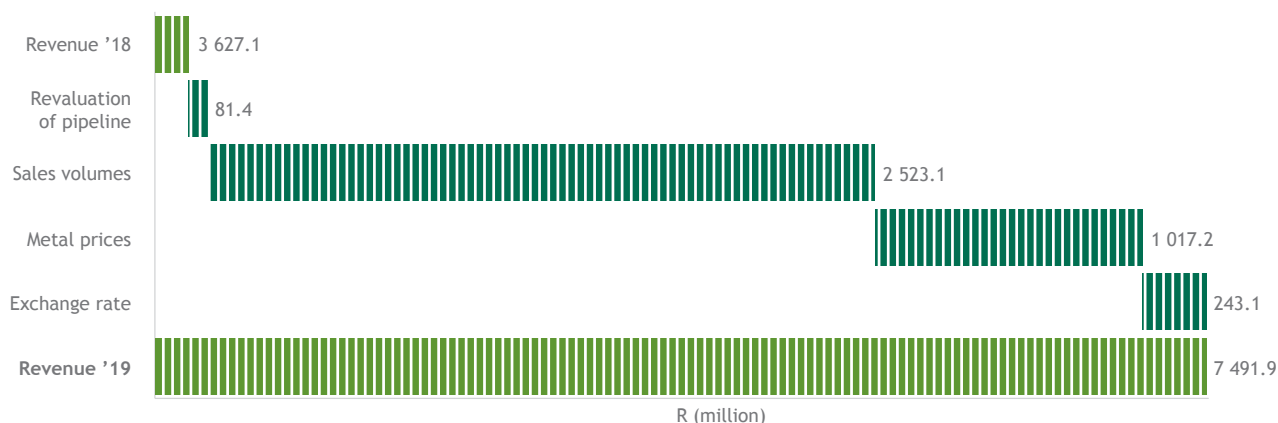
- > a decrease in non-controlling interest following the acquisition of the remaining 33% share in our business from Rustenburg Platinum Mines Limited (RPM), a wholly owned subsidiary of Anglo American Platinum Limited
- > interest charges relating to the RPM deferred consideration
- > borrowing costs previously capitalised, which were expensed during the period
- > scrapping and impairment of non-financial assets relating to our housing development
- > high-cash costs and high levels of depreciation due to the Styldrift ramp-up.



## Revenue

The addition of Styldrift revenue and an improved macro environment, resulted in a 106.6% increase in revenue to R7 491.9 million for the period, compared to R3 627.1 million in 2018. Following the ramp-up of Styldrift, 4E and platinum ounce production increased by 9.0% and 9.2%, respectively. Platinum contributed 38.4% (2018: 46.4%) to the revenue of our operations in the reporting period, while palladium and rhodium contributed 47.2% (2018: 36.2%). The basket price per platinum ounce increased by 36.8% to R28 743.0 (2018: R21 005.8) assisted by an increase in palladium and rhodium prices and a weaker rand, with our average exchange rate received for the period improving by 5.3% to R14.55 per US dollar.

### Revenue



## Cost of sales

The inclusion of Styldrift was also the main contributor to the 105.3% increase in cost of sales to R6 810.6 million (2018: R3 317.2 million). Styldrift's contribution to cost of sales was R3 252.4 million, with an average cash operating cost per 4E ounce of R16 504. Although Styldrift's cost of sales during 2019 was higher than expected, we expect the operation to deliver a significant improvement in unit costs as it ramps up to full

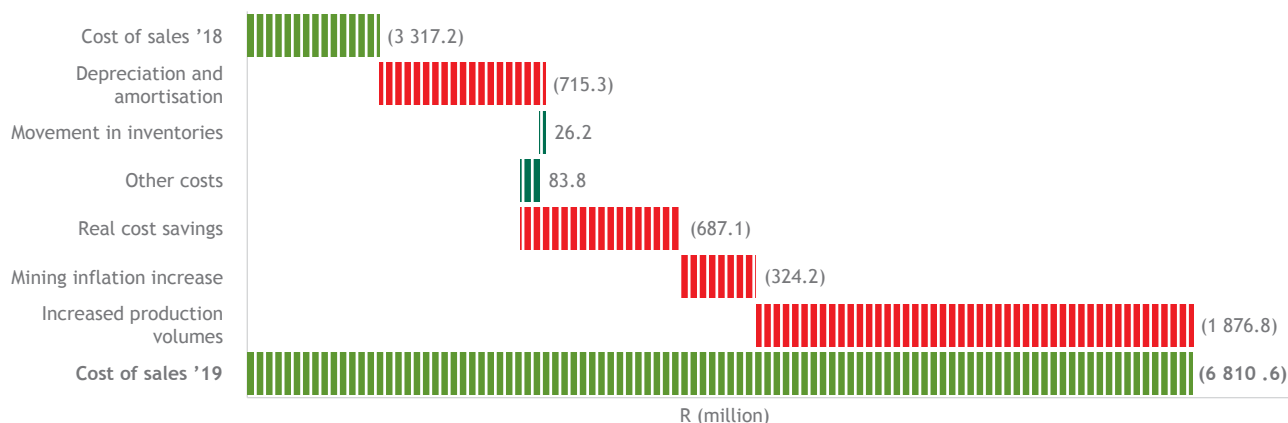
capacity. BRPM's contribution to total cost of sales increased by 4.5% year-on-year to R3 432.3 million (2018: R3 285.0 million), which is well in line with mining inflation. The contributors to the 20.0% increase year-on-year in BRPM's average cash operating cost per 4E ounce to R12 562 includes the ramp-up of UG2 ore mining at South shaft, Eskom power curtailment and lower production.

Our focus on delivering cost optimisation and the ramp-up of Styldrift has resulted in a further reduction in the fixed cost component

of our cash costs, having achieved a 0.5% improvement in the period under review to 69.1% (2018: 69.6%).

During the second half of 2019, RBPlat initiated a review of corporate costs and a new optimisation programme. This process, which will continue in 2020, has already delivered a more streamlined executive team with improved reporting lines and accountabilities. Our corporate office charges decreased by 24.4% year-on-year to R187.3 million.

### Cost of sales

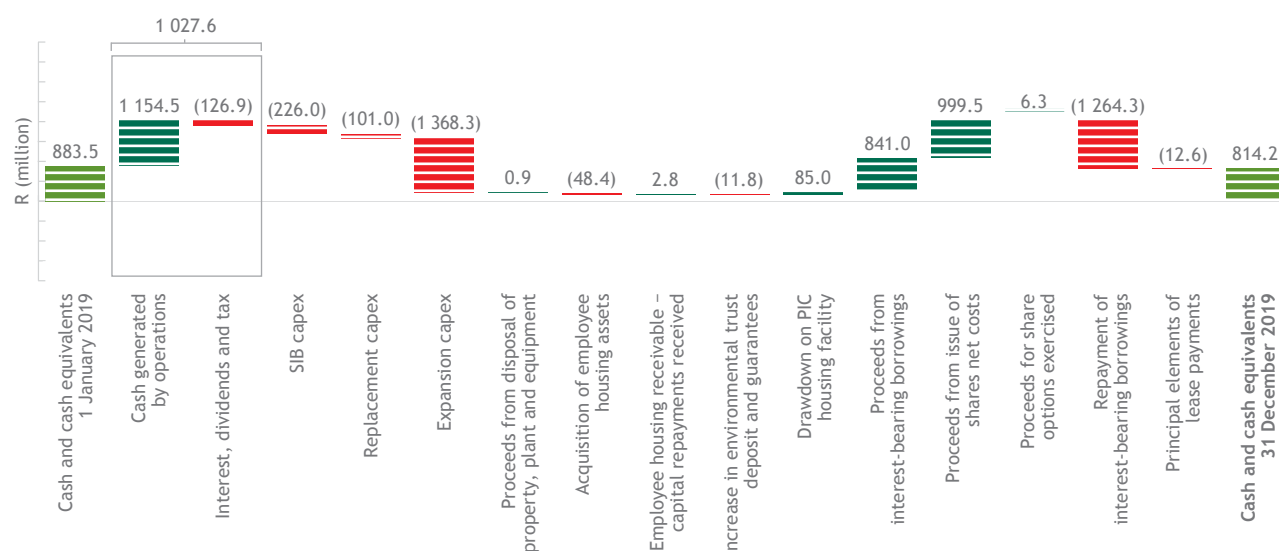


## Financial capital continued

### Summary of consolidated statement of cash flows for the year ended 31 December 2019

	% change year-on- year	2019 R (million)	2018 R (million)
Net cash inflow from operating activities	54.3	1 027.6	665.9
Net cash (outflow) from investing activities	51.3	(1 751.8)	(3 600.5)
Net cash inflow from financing activities	(73.6)	654.9	2 485.0
<b>Net decrease in cash and cash equivalents</b>	<b>84.6</b>	<b>(69.3)</b>	<b>(449.6)</b>
Cash and cash equivalents at beginning of period	(33.7)	883.5	1 333.1
<b>Cash and cash equivalents at end of period</b>	<b>(7.8)</b>	<b>814.2</b>	<b>883.5</b>

Cash flow



### Gross profit

Earnings before interest, taxation, depreciation and amortisation (EBITDA) increased 248.4% from R504.1 million to R1 756.4 million, with our EBITDA margin increasing to 23.4% from 13.9% in the previous comparative period. RBPlat's consolidated gross profit increased by 119.8% to R681.3 million from R309.9 million in the comparative period.

Supported by a strong pricing environment, BRPM reported a 217.5% growth in gross profit to R1 086.2 million. In its first year of commercial production Styldrift reported a gross loss of R279.0 million due to high cash costs and high levels of depreciation as a result of the ramp-up.

### Other income

Other income increased by R143.9 million, or 116.0% compared to 2018. This was partly as a result of the R70.5 million foreign exchange gain on the currency hedge for the expected proceeds of the gold streaming agreement, the R13.7 million net realised gains or the fair value of foreign exchange contracts and an increase in Impala royalties of 48.6% to R146.8 million.

### Cash flow

The growth in our business and improving market conditions contributed to a 54.3% increase in cash inflow from operating activities to R1 027.6 million. We invested a total of R327.0 million in stay-in-business and replacement capital expenditure, to deliver free cash flow

before expansionary capital expenditure of R700.6 million. Expansionary capital expenditure for 2019 including borrowing costs capitalised and elimination of intercompany management fee amounted to R1 368.3 million, with net cash flow from investing activities totalling R1 751.8 million, a 51.3% reduction from 2018. Net cash inflow from financing activities of R654.9 million was supported by R1 029.1 million proceeds from the rights offer.

## Summary of consolidated segmental analysis

	BRPM mining segment (A) R (million)	Styldrift mining segment (B) R (million)	RBR operations segment (A + B) R (million)	RBPlat housing segment (C) R (million)	Corporate office and consoli- dation adjustment Restated^ (D) R (million)	Total Restated^ (A+B+C+D) R (million)
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### Summary of segmental statement of comprehensive income – for the year ended 31 December 2019

Revenue	4 518.5	2 973.4	7 491.9	105.3	(105.3)	7 491.9
Cost of sales	(3 432.3)	(3 252.4)	(6 684.7)	(105.3)	(20.6)	(6 810.6)
Cash cost of sales excluding depreciation and amortisation	(3 090.7)	(2 681.0)	(5 771.7)	(105.3)	151.0	(5 726.0)
Depreciation	(349.9)	(574.2)	(924.1)	—	(26.6)	(950.7)
Amortisation	—	—	—	—	(145.0)	(145.0)
Movement in inventories	8.3	2.8	11.1	—	—	11.1
Gross profit/(loss) per segment and total	1 086.2	(279.0)	807.2	—	(125.9)	681.3
Profit/(loss) before tax per segment and total	1 264.8	(273.8)	991.0	(57.3)	(810.1)	123.6

### Summary of segmental statement of financial position – as at 31 December 2019

Non-current assets	5 192.2	15 732.4	20 924.6	964.1	272.0	22 160.7
Current assets	2 410.9	1 350.8	3 761.7	751.0	277.3	4 790.0
Non-current liabilities	103.2	25.3	128.5	1 533.6	7 362.4	9 024.5
Current liabilities	7 642.5	590.1	8 232.6	81.6	(6 574.6)	1 739.6

### Summary of segmental statement of comprehensive income – for the year ended 31 December 2018

Revenue	3 627.1	—	3 627.1	230.7	(230.7)	3 627.1
Cost of sales	(3 285.0)	(14.7)	(3 299.7)	(230.3)	212.8	(3 317.2)
Cash cost of sales excluding depreciation and amortisation	(2 938.6)	(13.8)	(2 952.4)	(230.3)	260.7	(2 922.0)
Depreciation	(331.3)	(0.9)	(332.2)	—	(9.1)	(341.3)
Amortisation	—	—	—	—	(38.8)	(38.8)
Movement in inventories	(15.1)	—	(15.1)	—	—	(15.1)
Gross profit/(loss)	342.1	(14.7)	327.4	0.4	(17.9)	309.9
Profit/(loss) before tax	476.9	(35.6)	441.3	67.7	(193.0)	316.0

### Summary of segmental statement of financial position – as at 31 December 2018

Non-current assets	5 190.5	15 089.9	20 280.4	881.5	322.0	21 483.9
Current assets	2 145.4	805.4	2 950.8	872.5	203.4	4 026.7
Non-current liabilities	92.3	18.6	110.9	1 381.6	8 103.4^	9 595.9^
Current liabilities	7 163.6	201.6	7 365.2	63.0	(6 671.8)	756.4

^ Refer to Note 27 in the annual financial statements for details of the restatement relating to error

### Scrapping and impairment of non-financial assets

In 2019, there was no scrapping of non-financial assets compared to the R25.9 million in 2018 relating to the feasibility study cost previously capitalised in respect of the possible addition to the BRPM concentrator plant to mill ore from Styldrift. The plant addition was set aside after the acquisition of Maseve, which included a concentrator plant with capacity to treat ore from Styldrift.

In 2019, an impairment of R58.9 million relating to employee housing assets was recognised as a result of suspension of construction of houses for Phase II.

### Finance income and finance costs

Finance costs increased from R26.8 million in 2018 to R553.6 million in 2019, mainly as a result of the interest on the RPM deferred consideration of R211.8 million (2018: R11.5 million) and interest on our credit facilities including the convertible bond, expensed of R231.5 million (2018: R6.5 million). Within our RBPlat housing segment, the R89.7 million increase in the expensed interest on the PIC housing facility, which was previously capitalised, was offset by a R43.8 million increase in interest received mainly from additional house sales.

### Balance sheet and funding

As at 31 December 2019 the RBPlat Group had cash and cash investments of R814.2 million (2018: R883.5 million). This includes restricted cash of R129.5 million ringfenced for our Employee Home Ownership Scheme and R84 million earmarked for the payment of the convertible bond coupon. In 2019, RBPlat was able to fund 68.1% (2018: 37.3%) of its capital expenditure from cash generated by its operations. Net debt, calculated as interest-bearing borrowings less cash and cash equivalents, ended the period at R491.3 million presenting a 41.0% decrease from 2018.

### Capital raise

In March 2019, RBPlat successfully raised R1 029.1 million through a rights offer. Overall, 46 777 694 shares were issued at a price of R22.0. The rights offer was oversubscribed and resulted in our free float increasing to 58.8%.

### BRPM JV acquisition

The Company announced terms for the acquisition of the remaining 33% participating interest in the BRPM JV from RPM, a wholly owned subsidiary of Amplats on 5 July 2018. The transaction was structured in two phases:

- > Phase I – the acquisition of Amplats' 33% participating interest in the BRPM JV for a consideration of R1.863 billion
- > Phase II – acquisition of the RPM mining rights from RPM.

Phase I of the acquisition was funded by means of a combination of cash, equity and debt. RBPlat issued 9 791 823 RBPlat shares to investors to raise R239.9 million as part settlement of the acquisition. The R314.8 million refund of contributions from RPM to the joint venture during the interim period (from 5 July 2018 to the Phase I effective date) was settled from cash and available facilities. The remaining deferred consideration was due to be paid to RPM, either in cash or equity over a three-year period, commencing 18 months from the closing of the transaction on 11 December 2018.

On 16 July 2019, the Department of Mineral Resources and Energy (DMRE) confirmed that it has granted unconditional consent in terms of section 11(1) of the Mineral and Petroleum Resources and Development Act, 2002, to the transfer of RPM's undivided interest in the mining rights. Accordingly, in terms of Phase II of the transaction, RBR will proceed to register full title in respect of RPM's 33% undivided interest in the mining rights attributable to the BRPM JV (which entails consolidating RPM's 33% participation interest with the 67% already held by RBR in such mining rights). Accordingly, the Company confirms that in addition to Phase I

of the transaction having been completed, the conditions precedent to Phase II of the transaction have now been met.

On 30 January 2020, RBPlat settled the full balance of the deferred consideration outstanding at that date, amounting to R1 851.0 million. The balance was settled in cash from proceeds of the gold streaming agreement.

### Gold streaming

In October 2019, RBPlat announced a gold streaming agreement through its wholly owned subsidiary, Royal Bafokeng Resources Proprietary Limited, with Triple Flag Mining Finance Bermuda Limited (Triple Flag). In terms of this agreement, the Company will receive an upfront cash payment of US\$145 million (equating to approximately R2.1 billion) in exchange for the future delivery of gold from the RBPlat mining operations (excluding Styldrift II and the Impala royalty areas), payable over the life of mine. RBPlat will deliver 70% of its payable gold production to Triple Flag until 261 000 ounces are delivered under the stream, and 42% of payable gold production thereafter. For every ounce delivered as part of the stream, Triple Flag will pay 5% of the spot gold price to RBPlat. The transaction closed in the first quarter of 2020 following regulatory and other approvals.

### Capital allocation

Our capital allocation framework is integrated into our strategy, budget, planning and management processes in order to balance risk and returns in the application of financial capital in our business. Critically, the assessment of financial risk and returns is extended to also consider the impact on our manufactured, human, intellectual, social and relationship and natural capital.

Our governance structures, including the delegation of authority framework, ensures that capital allocation decisions are mandated to the appropriate level that can best assess the potential risk and rewards, while ensuring accountability of actions.

We apply a rigorous valuation process to motivate, support and track the performance of our organic growth projects, as well as potential mergers and acquisitions. This process recognises the significant uncertainty of macro economic factors with the aim to balance return and risk throughout commodity cycles.

The funding of financial capital is a further important component of our capital allocation framework. This is done through an ongoing assessment of the optimal sources of capital, including equity and various sources of debt, in order to maximise shareholder returns while maintaining an appropriate level of risk.

### Dividend policy

Shareholder returns are an important expression of capital allocation, with our preference being to return excess cash to shareholders through sustainable dividend payments.

While the development of Styldrift has presented a significant investment phase for RBPlat, the successful ramp-up of Styldrift together with the

ongoing cash generation from BRPM and the Impala royalties, is expected to underpin strong cash flow generation that will support sustainable dividends. As such, the Board has approved a policy of distributing a minimum of 10% of free cash flow, before growth capital, while maintaining discretion to consider balance sheet flexibility, and prevailing market conditions. This will be done through an annual dividend each financial year, with consideration also given to special dividends, where appropriate.

### The way forward

Our ability to deliver volume growth, while improving efficiencies and costs, remains key in the current environment. To meet our stewardship responsibilities in terms of RBPlat's financial capital and creating value for our stakeholders, we will make every effort to protect and grow our financial capital in the short, medium and long term, through responsible investment in capital expenditure to increase profitability and grow the business.

To achieve this, we will:

- > be prudent with our use of the cash flow from our operations and our debt facilities, and ensure we meet our financial obligations
- > maintain financial flexibility to exploit opportunities to create value for our stakeholders
- > continue with the process we started in 2019 as part of our ongoing drive to reduce costs and increase efficiencies. This includes a focus on realigning our supply chain and information technology with the changes in our business following the ramp-up of Styldrift to an operating mine and to ensure it is fit for purpose (see page 88 of the intellectual capital section of this report)
- > invest in the mining infrastructure and footprint required to ramp up Styldrift to 230ktpm by the third quarter of 2020
- > invest in the expansion of the Maseve concentrator to increase its production to 160ktpm
- > invest in the expansion of the BRPM and Maseve tailings storage facilities
- > continue to invest in delivering on our safety, climate change and social and labour plan commitments.



# Manufactured capital

**In 2019 our investment in manufactured capital addressed our most material manufactured capital issues in the short, medium and long term, which are:**

- > **Achieve Styldrift 230ktpm milestone during the third quarter of 2020**  
see page 65
- > **Re-establish UG2 mining at South shaft**  
see page 64
- > **Cost management and efficiencies**  
see page 57
- > **Resource allocation/capital allocation**  
see page 63

## Key features in 2019

**12.5% increase**

in tonnes milled

**9.0% increase**

in 4E ounces

**12.2% increase**

in BRPM unit cost per tonne milled

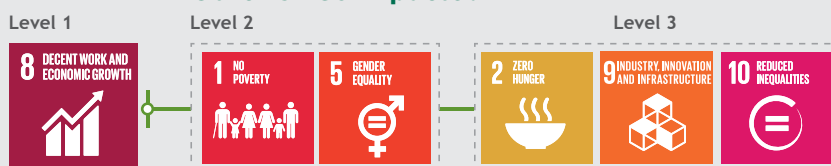
**10.2% improvement**

in tonnes milled per total employee costed (t/TEC)

**52.0% decrease**

in capital expenditure

## Other SDGs impacted



**Key to our SDG focus areas:**

Level 1: Our main focus areas

Level 2: SDGs to which we contribute directly

Level 3: SDGs to which we contribute indirectly

Promoting sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all is one of RBPlat's four main UN SDG focus areas. It involves our ability to grow our stock of manufactured capital. The key performance indicators (KPIs) against which we measure our manufactured capital contribution to SDG 8 is through our production of platinum group metals (PGMs) and productivity

## SDG 8 targets

### SDG 8.1

Sustain per capita economic growth in accordance with national circumstances and, in particular, at least 7% growth in domestic product per annum in the least developed countries

### SDG 8.2

Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labour-intensive sectors

## Production KPIs

## Performance

2019

2018

4E metals in concentrate	401koz ↑ 9.0%	368koz
BRPM	241koz ↓ (9.4%)	266koz
Styldrift	160koz ↑ 56.9%	102koz
Tonnes milled/total employee costed (TEC)	36.8t/TEC ↑ 10.2%	33.4t/TEC
Total tonnes milled	3 847kt ↑ 12.5%	3 420kt
BRPM concentrator tonnes milled	2 689kt ↓ (5.5%)	2 847kt
Maseve concentrator tonnes milled	1 158kt ↑ 197.7%	389kt



## Introduction

RBPlat benefited from the recovery and strengthening of the macro PGM market fundamentals in 2019, resulting in a healthy basket price. However, the domestic environment remained challenging given the general elections in May 2019; the local union leadership elections; wage negotiations; an unpredictable Eskom power grid; a dearth of trackless competence and skills; and the expectations of our doorstep communities. From an operational perspective, the year represented a continued transitional phase across the Group as Styldrift moved from a project environment to commercial operating status, and BRPM was required to maintain steady results despite a rapidly depleting South shaft Merensky Reserve.

Our key operational focus for the year was on:

- > achieving meaningful and sustainable improvements in our safety performance in our pursuit of zero harm
- > continuing to ramp up Styldrift with the aim of achieving a 230ktpm run rate by the third quarter of 2020
- > recommencing UG2 mining at our South shaft operation and ramping it up to 20ktpm by the fourth quarter of 2019
- > initiating long lead concentrator projects that will allow us to optimise recovery and sustain production in the longer term. These include the Maseve 160ktpm MF2 expansion as well as the BRPM and Maseve tailings storage facility expansions.

While we achieved pleasing improvements in our injury frequency rates, regrettably, despite all our efforts to keep our people safe, we did not achieve our goal of zero fatalities (see page 27 of the Chair's review and page 77 of the human capital section of this report).

By year-end the bulk of the LOM infrastructure required to support the ongoing ramp-up of Styldrift to 230ktpm by the third quarter of 2020 was in place; Styldrift had delivered 1 600kt of ore; BRPM's South shaft had met and exceeded its UG2 production target of 20ktpm; Maseve concentrator 160ktpm MF2 expansion progressed to detail design phase with long-lead items ordered; and construction on both tailings storage facilities had commenced.

While we achieved significant production and construction milestones at BRPM, Styldrift and the concentrating facilities, the overall volume and cost performance across our operations was disappointing, despite a 12.5% and 9.0% increase, respectively, in milled tonnes and 4E metals in concentrate. 4E metals in concentrate amounted to 401koz (6.7% below the lower end of our guidance) and the unit cost per 4E ounce exceeded guidance by 6.3% at R14 139. Addressing the underlying contributors to this, which is a priority for the business, is discussed in more detail in this capital.

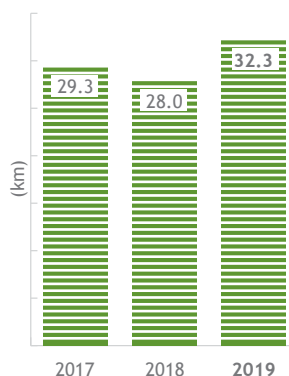
## Key statistics

### Mining production

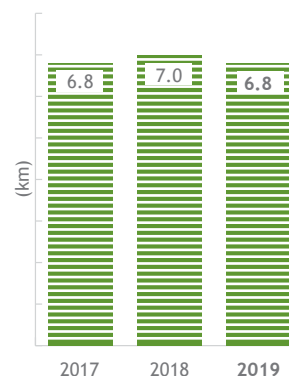
#### Development

- > 11.7% increase in total development for the business to 39.1km
- > 15.4% increase in BRPM total development to 32.3km mainly attributable to increased working cost development in line with the ramping up of UG2 production at BRPM South shaft
- > 2.9% decrease in total development at Styldrift to 6.8km in line with infrastructure requirements as the project footprint nears completion.

BRPM total development



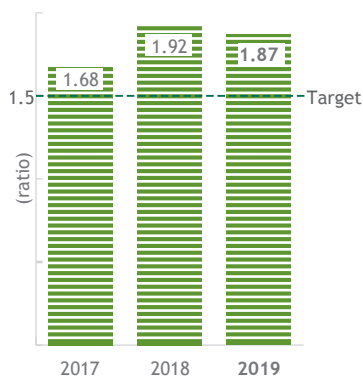
Styldrift total development



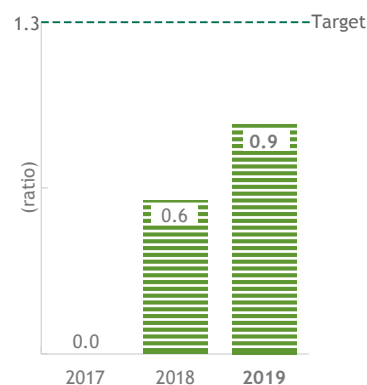
#### IMS panel ratio

- > BRPM's IMS panel ratio of 1.87 exceeds the target of 1.5
- > Styldrift is expected to achieve its 1.3 target with the completion of section 5 North (5N) by the first quarter 2021.

BRPM IMS panel ratio



Styldrift IMS section ratio



## Manufactured capital continued

### Key statistics

#### 12.5% increase

in stoping m<sup>2</sup> to 610 000  
(2018: 542 000)

#### 12.8% increase

in total tonnes delivered to  
3 829kt (2018: 3 395kt)

#### 9.1% increase

in Merensky tonnes delivered to  
3 240kt (2018: 2 969kt)

#### 38.3% increase

in UG2 tonnes delivered to 589kt  
(2018: 426kt)

#### 12.5% increase

in total tonnes milled to 3 847kt  
(2018: 3 420kt)

#### 9.0% increase

in Merensky tonnes milled to  
3 266kt (2018: 2 997kt)

#### 37.4% increase

in UG2 tonnes milled to 581kt  
(2018: 423kt)

#### 3.3% decrease

in BRPM tonnes milled to  
2 222kt (2018: 2 299kt)

#### 45.0% increase

in Styldrift tonnes milled to  
1 625kt (2018: 1 121kt)

UG2 tonnes milled made up

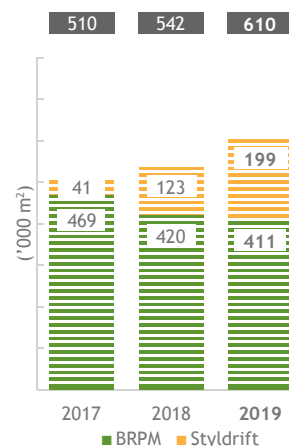
#### 15.1%

of total production (2018: 12.4%)

### Ore production

- > 12.5% increase in stoping square metres to 610 00m<sup>2</sup>
- > 2.1% decrease in BRPM contribution to 411 000m<sup>2</sup>
- > 61.8% increase in Styldrift's contribution to 199 000m<sup>2</sup> as it continues steadily ramping up.

Total stoping square metres



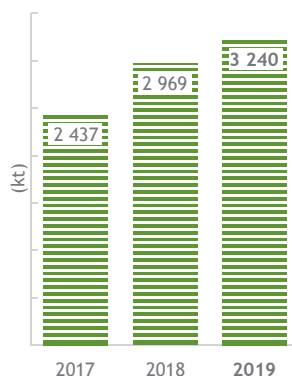
### Tonnes delivered

- > 12.8% increase in total tonnes delivered to 3 829kt
- > 1.7% decrease in BRPM tonnes delivered to 2 229kt:
  - 11.0% decrease in Merensky tonnes delivered to 1 640kt directly attributable to depletion of Merensky reserves at South shaft
  - 38.3% increase in UG2 tonnes delivered to 589kt, in line with the recommencing of UG2 mining operations at South shaft
- > 42.0% increase in Styldrift tonnes delivered to 1 600kt, in line with ramp-up progress.

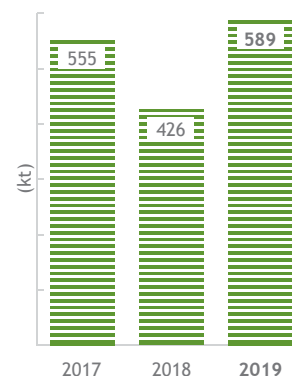
Total tonnes delivered



Total Merensky tonnes delivered



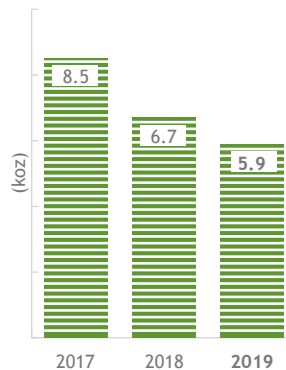
Total UG2 tonnes delivered



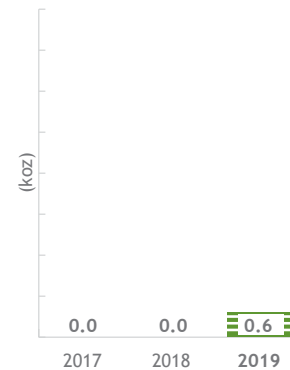
## Operational disruptions

- > 6.5koz 4E total loss in 2019 as a result of safety and load shedding-related disruptions
- > 5.9koz 4E or 51kt tonnes milled lost to section 54-related stoppages
- > RBPlat's power management strategy helped mitigate the impact of load shedding (see page 58).

Safety-related stoppages – 4E ounces lost



Eskom-related losses – 4E ounces lost

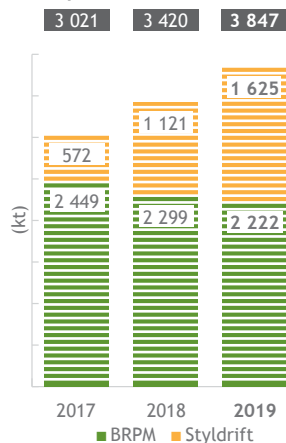


## Concentrator production (processing)

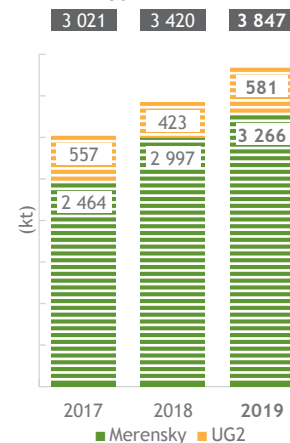
### Tonnes milled

- > 12.5% year-on-year increase in total tonnes milled to 3 847kt
- > 9.0% increase in Merensky tonnes milled in line with increased production volumes from Styldrift
- > 37.4% increase in UG2 tonnes milled to 581kt.

Total tonnes milled by operation



Total tonnes milled by ore type



## Built-up head grade

- > 1.3% reduction in overall built-up head grade to 3.91g/t (4E)
  - 9.3% increase in Styldrift built-up head grade to 3.77g/t (4E) (2018: 3.45g/t (4E))
  - 4.8% reduction in BRPM built-up head grade to 4.01g/t (4E) (2018: 4.21g/t (4E)).

BRPM built-up head grade reduction is attributable to:

- > higher off-reef dilution at North shaft Phase III Merensky, due to geological complexity experienced in current mining areas
- > the increased contribution of lower grade South shaft UG2 to the overall ore mix.

Overall built-up head grade (4E)



4E built-up head grade by operation



## Manufactured capital continued

### 9.0% increase

in 4E metals in concentrate to 401koz (2018: 368koz)

### 9.2% increase

in Pt metal in concentrate to 261koz (2018: 239koz)

### 56.9% increase

in Styl drift 4E metals in concentrate to 160koz (2018: 102koz)

### 1.6% decrease

in overall concentrator recovery

### 6.1% increase

in total labour in line with Styl drift ramp-up and capital construction requirements

### 10.2% increase

in tonnes milled per employee costed (t/TEC) to 36.8t/TEC in line with the mechanised scale of economy benefits as Styl drift ramps up (2018: 33.4t/TEC)

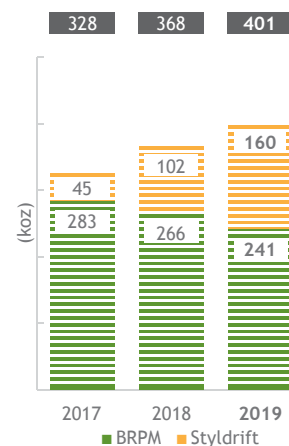
### Metals in concentrate

- > 1.6% reduction in overall recovery (4E) to 83.07%
- > 9.0% increase in 4E metals in concentrate to 401koz and 9.2% increase in Pt metal in concentrate to 261koz was as a result of improved volumes but impacted by a lower recovery

Key contributors to the lower recovery:

- > 1.3% reduction in built-up head grade
- > lower recovery potential of the Maseve MF1 circuit
- > lack of availability of BRPM secondary mill in second quarter of 2019.

### 4E metals in concentrate



### Overall recovery (4E)



### Pt metal in concentrate

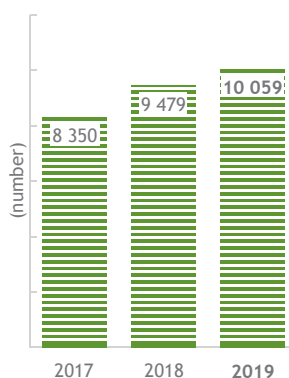


## Labour

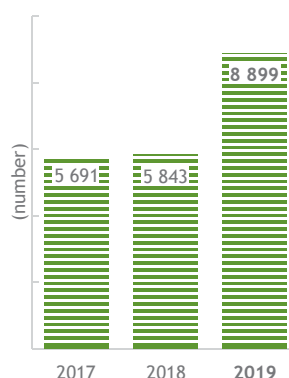
### Labour complement

- > 6.1% increase in total labour year-on-year to 10 059, in line with project and operational requirements
- > Increase in working cost labour to 8 899 employees (2018: 5 843) attributable to Styl drift ramp-up labour requirements and the project achieving commercial operating status as of January 2019.

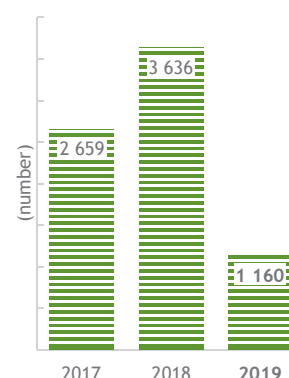
### Total labour



### Working cost labour

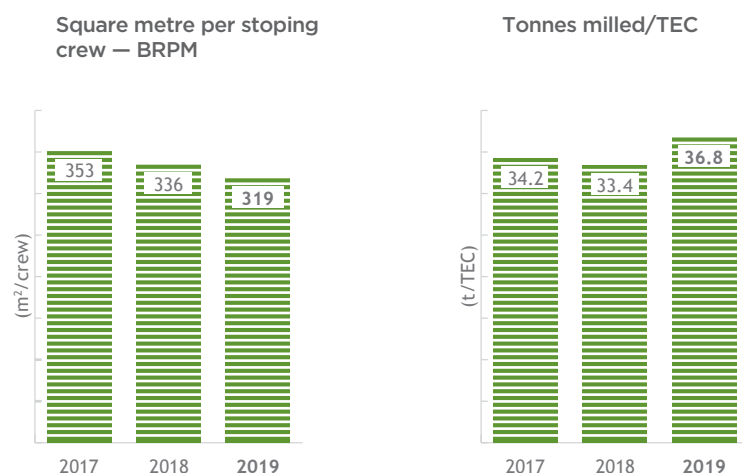


### Capital labour



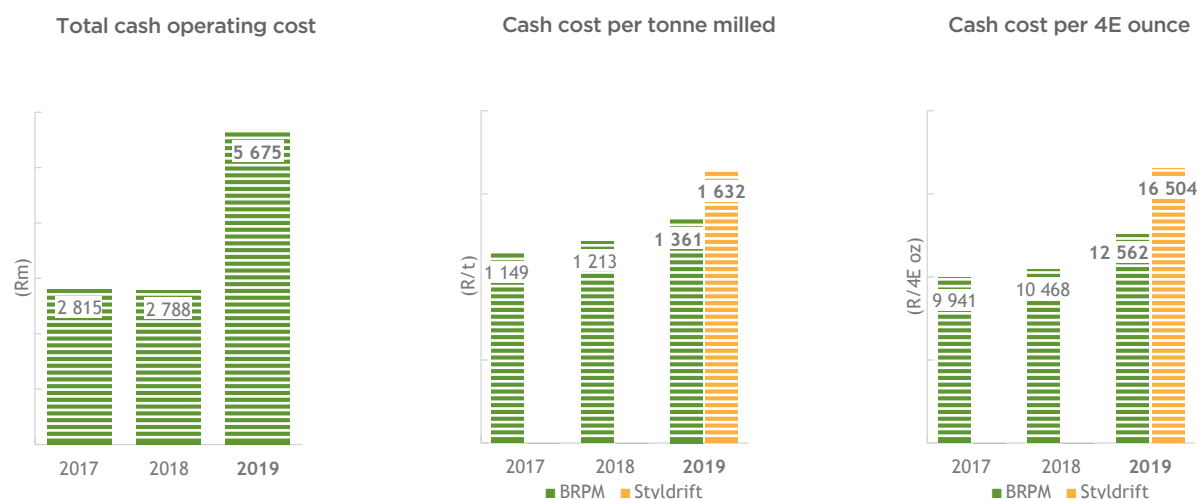
## Labour efficiencies

- > 5.1% reduction in BRPM stoping crew efficiencies year-on-year due to:
  - the impact of the lower productivity of the South shaft UG2 crews during initial ramp-up
  - lower South shaft Merensky team efficiencies as Merensky ore reserves are depleted
  - impact of localised geology on North shaft Phase III Merensky crews in the second half of 2019
- > 10.2% improvement year-on-year in tonnes milled per total employee costed to 36.8 – this improvement is directly attributable to the increased efficiencies associated with higher mechanised productivity as Styldrift ramps up.



## Operating costs

- > R2 887 million year-on-year increase in cash operating cost for the business to R5 675 million
  - this increase was a direct result of Styldrift reaching commercial operating status as of 1 January 2019
- > Cash operating cost per tonne milled equated to R1 475
- > Cash operating cost per 4E ounce amounted to R14 139.

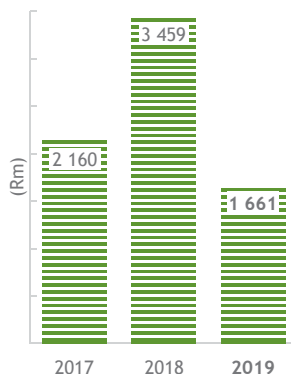


## Manufactured capital continued

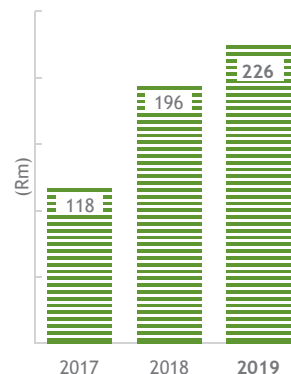
### Capital expenditure

- > 52.0% year-on-year reduction in total capital expenditure to R1 661 million
- > 58.5% decrease in expansion capital expenditure to R1 334 million (2018: R3 213 million) in line with Styldrift capital footprint construction schedule requirements as the project enters its final phase
- > R51 million increase in replacement capital expenditure to R101 million:
  - increase relating to the extension of the North and South declines at Styldrift beyond current 230ktpm capital footprint
  - done to establish the ore reserves required to sustain production in the longer term
  - Phase III Merensky replacement expenditure at BRPM amounted to R21 million for the year – project is now completed
- > SIB capital expenditure for the year amounted to R226 million, equating to 4.0% of operating cost.

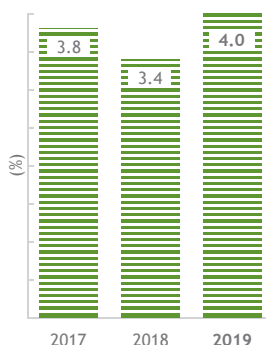
Total capital expenditure



SIB capital



SIB percentage of operating cost



**58.5% reduction**

year-on-year in expansion capital expenditure

**Styldrift's** SIB costs of R125 million amounted to **4.7%** of operating cost

More detailed information on these statistics is available in our Databook 2019 at [www.bafokengplatinum.co.za/integrated-reports.php](http://www.bafokengplatinum.co.za/integrated-reports.php)



### Eskom load curtailment operational response strategy

Currently, our primary operational strategy is to minimise the impact of load curtailment by restricting certain mining and metallurgical processes, specifically ore hoisting and crushing, during load curtailment periods. To date, this strategy has proven effective in dealing with Stage 1 and 2 restrictions, by allowing our mining and milling activities to continue uninterrupted.

We manage Stage 3 restrictions by suspending processing at our Maseve concentrator and preferentially maintaining production at our BRPM concentrator to mitigate ounce losses.

When Stage 4 restrictions are in place we maintain mining operations and suspend all metallurgical processing activities. Restrictions in excess of Stage 4 necessitate the suspension of

all operational processes other than essential services.

We are currently reviewing the potential to synchronise our on-site emergency generating capacity with the mine electrical reticulation grid to improve our ability to effectively manage load curtailment in the short term. Longer term, more cost-effective and energy-efficient solutions are being investigated as part of our broader sustainability strategy.



## Styldrift operation

### Progress towards the 230ktpm ramp-up at Styldrift

Ore reserve development, commissioning of infrastructure, onboarding of skilled employees, and the optimisation of the operational systems required to achieve the third quarter 2020 230ktpm ramp-up milestone, remained the primary objectives of the project during the reporting period.

Styldrift's ramp up continued to progress steadily during 2019, however, as can be expected in a new operation in ramp-up, planned progress was impacted by several technical and operational challenges.

### The challenges

The slower than planned performance was underpinned by challenges stemming from:

- > the termination of the mining contractor during the first quarter of 2019
- > the implementation of full calendar operations (Fulco)
- > late commissioning of strike belts and associated ore handling infrastructure
- > the difficulty experienced in the recruitment and onboarding of competent trackless engineering and mining skills resulting in maintenance backlogs and an overall decrease in trackless fleet availability and, ultimately, utilisation
- > delays in commissioning of logistics and engineering support infrastructure (stores, workshops etc.)
- > timeous extension of section strike belt forward moves.

This was exacerbated by geology and geotechnical requirements due to the lack of IMS flexibility within the operation as the mine ramps up.

Because we did not have all the infrastructure in place at Styldrift to move ore to a central point until year-end (in particular the strike belts on 600 level and ore handling infrastructure on 642 level), our fleet had to travel beyond the specific parameters we have set down for how far a load haul dump (LHD) vehicle should travel to achieve optimal performance. This resulted in increased mining production cycles and impacted the availability of equipment, which

was further exacerbated by the lack of skilled mechanics and auto-electricians. These deficiencies frequently resulted in below plan performance and high fleet maintenance costs.

Twelve of the required strike belts, two on-reef dip belts and the associated life of mine (LOM) ore handling infrastructure are now in place, and the surface and underground stores facilities are nearing completion. We have also made good progress during the second half of the year with the onboarding of artisans and skills training initiatives (see page 81 of human capital) to address our trackless fleet maintenance requirements. Ninety percent of the trackless fleet required to support steady state production is on site, with the remaining units planned for delivery during the first half of 2020.

Spare IMS section ore reserves play a pivotal role in establishing the operational flexibility necessary to effectively mitigate the impact of geology and geotechnical requirements on a mining operation. The Styldrift design allows for this capacity in two ways, namely spare in-stope IMS panels and an additional four spare IMS sections on completion of the 230ktpm footprint. However, given that this flexibility will only be fully attained on completion of the project footprint, Styldrift remains exposed to production risks because of geology on the mineable face length and associated mining efficiencies. The intersection of known fault systems in the north, north-eastern and western mining sections, combined with a footwall shear zone in the south west, were no exception, further contributing to lower than planned crew performance in these areas during the reporting period.

By year-end we had achieved significant improvements in trackless fleet availability and tip-to-face tramming distances, as guided in our interim results, and are confident that our operating platform for 2020 is well-established, equipped and staffed to deliver on our goal of achieving 230ktpm run rate by the third quarter of 2020.



Styldrift Settler No 2 collar construction

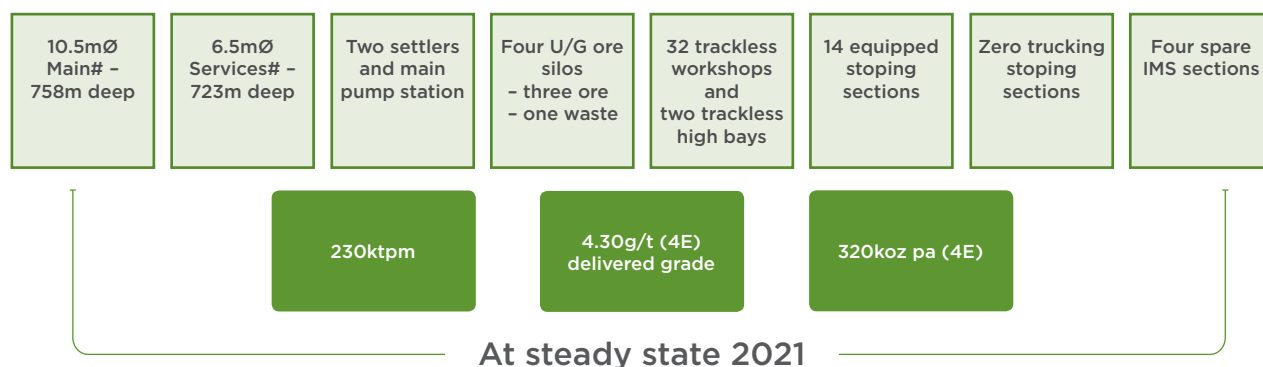
## Manufactured capital continued

### Stylldrift operation continued

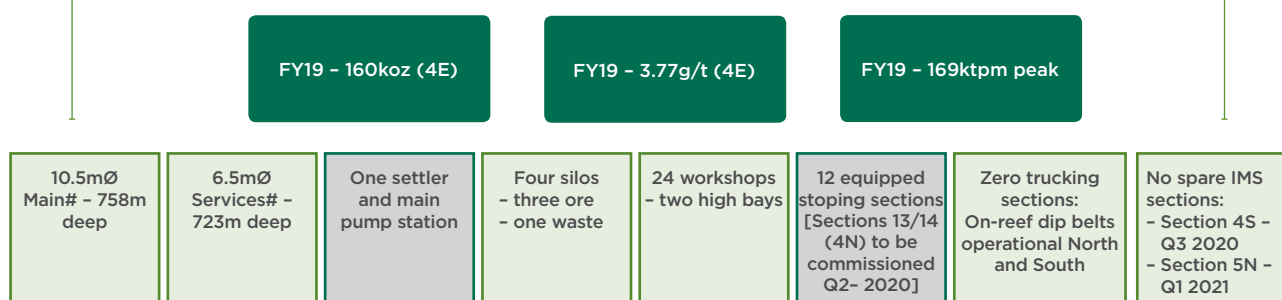
#### Infrastructure

During 2019 we made significant progress in completing key infrastructure required to support the overall ramp-up, which included:

- > commissioning of additional six strike belt sections on 600 level, as well as the associated ore handling facilities on 642 level
- > Ventilation shaft No. 2
- > Silo 3
- > Settler 1 and the main pump station
- > underground stores and associated IT network
- > six additional trackless workshops bringing the total to 24
- > extension of the on-reef dip conveyors to reduce reliance on dump-trucks to the north and south
- > 600 level store loop and tractor trailer system.



#### Where we are (FY19)



642 Merensky South decline conveyor

## Performance improvement key to success

### Progress on key factors impacting on crew performance

#### Operational challenges

- Tip-to-face tramming distance
- Trackless fleet availability
  - > Trackless employee competence
  - > Securing and retaining trackless artisans
  - > Extended tramming distance
  - > Lack of IMS to effectively deal with geological impacts

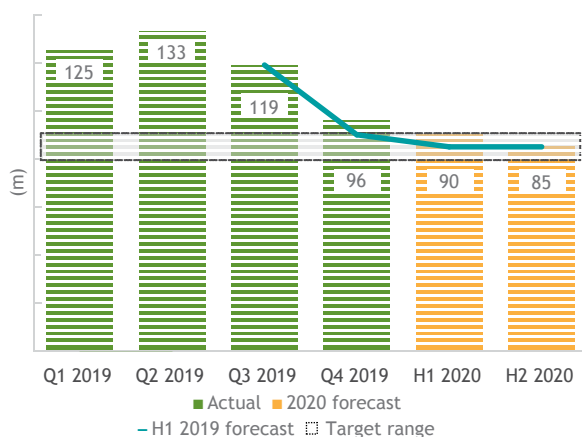
Description	Steady state	H1 2019 status		FY 2019 status	
		Equipped section	Unequipped section	Equipped section	Unequipped sections
Number of sections operating	14	6	6	12	2
Average section face length	102m	✓	✓	✓	✓
Fleet availability	85%	✓ (73%)	✓ (73%)	✓ (84%)	✓ (84%)
Average tip-to-face distance	80m – 90m	✓ (133M)	✗	✓ (96m)	✗
Spare IMS sections	4	✗	✗	✗	✗

✓ Fully achieved

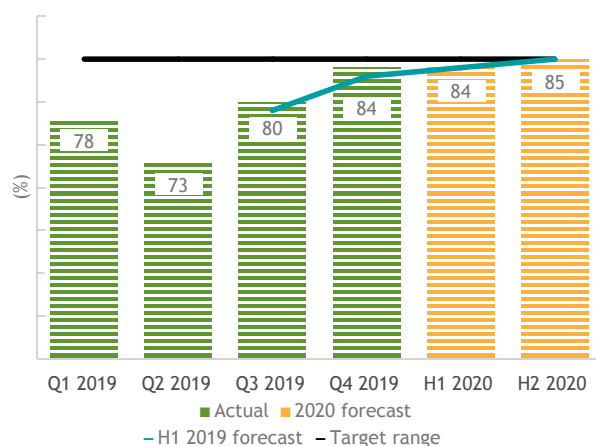
✓ Partially achieved

✗ Not in place

Average tip-to-face distance



Overall primary fleet availability

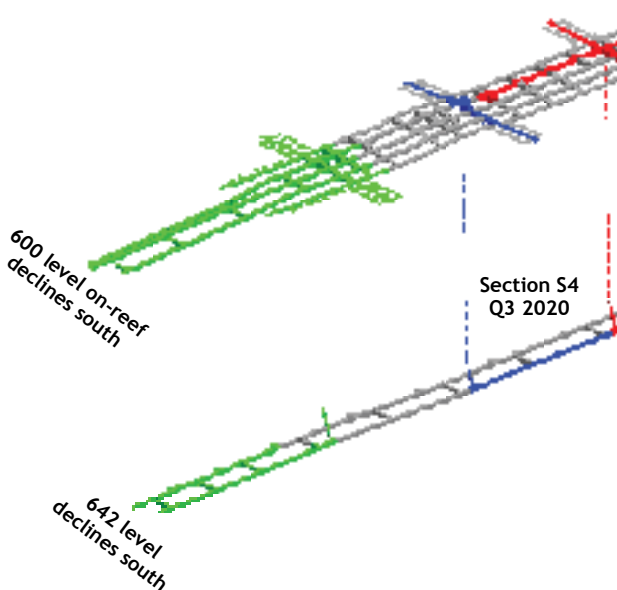


## Manufactured capital continued

### Styltdrift operation continued

#### Legend

- Mined out up to end of December 2019
- 2020 development
- Installed conveyor belts at end of December 2019
- 2020 conveyor belt and ore handling infrastructure
- Section ore passes



### Safety

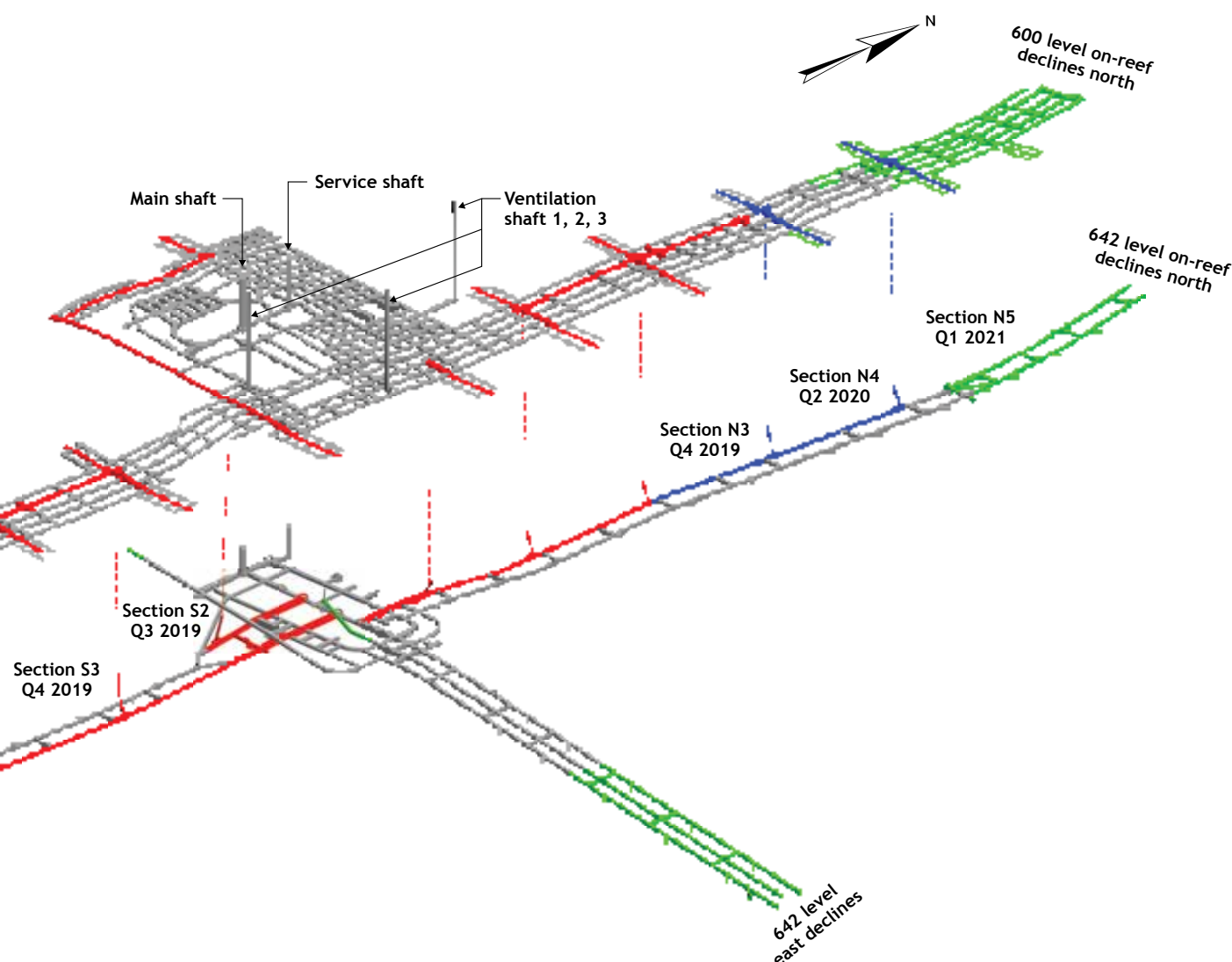
Despite an encouraging reduction in our TIFR and SIFR and achieving 1.5 million fatality-free shifts at Styltdrift by October 2019, the mine unfortunately recorded a non-mining-related fatality in November 2019.

### Implementing Fulco

Fulco, which involves equipping and manning a mine 24 hours a day, seven days a week, was implemented at Styltdrift in February 2019. We believe that Fulco is the right approach to mechanised mining as it ensures that our investment in expensive machinery is optimally utilised and that we extract the best possible value from our investment in a mechanised mine.

### Production

Stoping square metres for the reporting period increased by 61.8% compared to 2018, with tonnes delivered increasing by 42.0% or 473kt to 1 600kt from 1 127kt in 2018. Total development decreased by 2.9% to 6.8km in line with the project infrastructure requirements as the 230ktpm capital project footprint nears completion.



Total tonnes milled amounted to 1 625kt compared to 2018. This combined with a 9.3% increase in built-up head grade yielded a 56.9% and 59.1% increase in 4E and platinum metals in concentrate. 4E metal production amounted to 160koz with platinum metal production of 105koz.

### Cash operating costs

Cash operating cost for the reporting period amounted to R2 651 million, with cash operating cost per tonne milled and per 4E ounce equating to R1 632 and R16 504, respectively. The cash operating cost of R16 504 exceeded our market guidance in the second half of 2019 by 6.5%. Key contributors to this increase were:

- > higher than planned trackless maintenance and fleet operating costs
- > early onboarding of trackless staff and mining crews
- > additional training costs incurred to address skills and competence
- > lower recovered grade being impacted by higher than planned stoping width and lower concentrator recoveries.

### Capital expenditure

Capital expenditure amounted to R1 430 million, made up of R1 225 million for expansion capital (mining and concentrator infrastructure), R80 million replacement capital and R125 million stay-in-business (SIB) capital.

Expansion capital expenditure of R1 225 million was in line with project requirements and progress during the year under review. During the second half of the year we also initiated the North and South decline replacement projects, with a total of R80 million being spent for the year.

SIB expenditure increased to R125 million equating to a 25% year-on-year increase, which was aligned with trackless fleet and section strike belt forward move requirements.

Total expenditure for the project to date amounts to R12.87 billion. During the course of the year further capital was approved for the purchase of additional trackless fleet, optimisation of shaft logistics and on-reef ore handling



infrastructure and training facilities. This together with the 2020 expenditure estimate of R0.8bn results in an estimate at completion of R13.8bn. A detailed review of overall project scope and associated costs will be finalised during the first half of 2020.

## BRPM operation

Having taken the decision at the beginning of 2019 to respond to pricing opportunities, in particular those of palladium and rhodium, by recommencing with mining UG2 at BRPM's South shaft we set ourselves a target of ramping up to 20ktpm by November 2019. We were able to achieve our target ahead of schedule when we delivered 20ktpm of UG2 from South shaft in the third quarter of 2019.

## Production

Total BRPM development increased by 15.4% to 32.3km with the increase mainly attributable to increased working cost development, in line with ramping up of UG2 production at South shaft. Total square metres mined decreased by 2.1% to 411 thousand square metres, the decrease being mainly as a result of lower Merensky production from South shaft as reserves deplete.

BRPM delivered tonnes decreased by 1.7% to 2 229kt, with Merensky delivered tonnes decreasing by 11.0% to 1 640kt. UG2 delivered tonnes increased by 38.3% to 589kt in line with the recommencement of UG2 mining operations at South shaft. The reduction in Merensky tonnes at BRPM is directly attributable to the depletion of Merensky reserves at South shaft.

Total tonnes milled for the reporting period decreased by 3.3% on the back of lower delivered mining volumes. This combined with a 4.8% reduction in built-up head grade and lower associated recoveries yielded a 9.4% and 9.8% reduction in 4E and platinum metals in concentrate, respectively. 4E metal production equated to 241koz and platinum metal production to 156koz.

## Cash operating costs

BRPM cash operating costs increased by 8.5% to R3 024 million compared to 2018. The increase is attributable to on-mine inflation and additional costs associated with the re-establishment of UG2 production at South shaft.

Key cost drivers were:

- > Inflation in excess of the 4.1% CPI related to enrolled labour at 2.6%, contract labour at 4.5% and utilities at 7.6%
- > South shaft UG2 development and establishment costs

The 8.5% increase in cash operating costs combined with the 3.3% reduction in milled volumes, 4.8% lower built-up head grade and 1.3% lower recovery yielded unit cost increases of 12.2% and 20.0% per tonne milled and

4E ounce respectively. Cash cost per tonne milled amounted to R1 361 and cash cost per 4E ounce equated to R12 562.

## Capital expenditure

BRPM capital expenditure for the reporting period amounted to R100 million, equating to a 2.5% reduction compared to 2018. R21 million was spent on Phase III replacement capital and R79 million on SIB. SIB as a percentage of working cost was 2.6%.

## North shaft Phase III project

This project extends the shaft decline system and ancillary infrastructure from 10 level down to the mine boundary at 15 level. The completion of two belt extensions in the fourth quarter of 2019 and the purchase of two additional LHDs to improve machine availability has allowed the project to reach steady-state production of 2 500 tonnes a day. By year-end the project, which started in 2010, was completed with a R254 million saving against a budget of R1 409 million. We will initiate the project close out process in the first quarter of 2020.

## Concentrators

The purchase of the Maseve concentrator allowed us to achieve organic growth and increase our tonnes milled by 12.5% year-on-year. However, currently the recoveries at the Maseve MF1 plant, which were 80.13% in 2019, are 4% lower than those at the BRPM concentrator, which achieved recoveries of 84.34%. We have completed a feasibility study into the upgrading of the Maseve concentrator to MF2, which, in addition to improving recoveries, will increase the plant's capacity to 160ktpm from its current 110ktpm. The upgrading of the Maseve concentrator and an incremental increase at the BRPM concentrator will provide us with the concentrating capacity we need to process the South shaft UG2 production beyond 2020 and the Styldrift steady-state production of 230ktpm.

BRPM concentrator production tonnes milled reduced by 5.5% or 158kt to 2 689kt compared to 2018, with the concentrator 4E recovery reducing by 1.0% to 84.34%. Concentrator recovery was impacted by overall lower built-up head grades, Eskom grid instability and the loss of the secondary mill for the period March to May 2019.

The extension of the tailings dam facility at Maseve is well under way for completion in 2020 (see page 120) and the extension of the BRPM facility commenced in the fourth quarter of 2019 and planned for completion in the fourth quarter of 2021.



### The way forward and what to expect from our operations in 2020

Our Chief Executive Officer has referred to our restructuring efforts in his review on page 31, which are designed to ensure RBPlat is fit for purpose in the long term and to reduce costs and increase efficiencies in the short to medium term. Our key focus area in this regard will be to ensure the effective resourcing and ongoing alignment of our operations in line with the growing contribution of Styldrift, at the same time as the mining mix at BRPM extracts more lower grade UG2. The contribution of UG2 mining at BRPM will increase to approximately 35% of our overall production during 2020 and is expected to reach 50% during 2023.

Operational flexibility at BRPM remains a key challenge as South shaft Merensky reserves are depleted and the shaft transitions to mining the more complex UG2 ore body. Productivity and mining efficiencies on the UG2 reef, which is characterised by a thinner, undulating UG2 band, are lower than the Merensky reef. The lower grades of the UG2 will create upward unit cost pressures at BRPM, which during 2020 will only partially be offset by the increasing scale of the business as well as operational reorganisation. We therefore expect BRPM cost inflation to be consistent with mining inflation of 8% in 2020 as we opportunistically extract UG2 due to the rapid access and negligible capital requirements of doing so. BRPM grades and recoveries will be consistent with 2019 as South shaft continues to operate and extract margin-bearing UG2, despite the lower grades and costs associated with this.

The ramp-up of Styldrift is expected to reach 230ktpm during the third quarter of 2020, delivering between 2.0Mt and 2.2Mt for 2020 as the remaining production and IMA sections are developed. During the year the increasing contribution from stoping teams will lead to an improved and more consistent delivered grade, but this will continue to be impacted by limited face flexibility, crew learning curves and the continued contribution of low grade on-reef development forming part of the ore stream until year-end.

We expect both Styldrift grade and recovery to improve as the relationship between stoping square metres and development approaches steady state.

As is typical during the ramp-up phase of a mine, during which all the fixed costs are incurred but the production volumes are not in place to absorb them, unit costs will therefore not reflect economy of scale benefits until we achieve steady state.

In line with Styldrift's ramp-up the Maseve plant has been commissioned and is operating as an MF1 concentrator at 110ktpm. This treatment plant was originally designed to operate as an MF2 concentrator and during 2020 is being upgraded to an MF2 configuration. This will result in improved recoveries and provide more flexibility and capacity to treat varying ore mixes post 2020, particularly with respect to UG2 should the prevailing market conditions continue.



*Development rig at North shaft Phase III hybrid mining section*

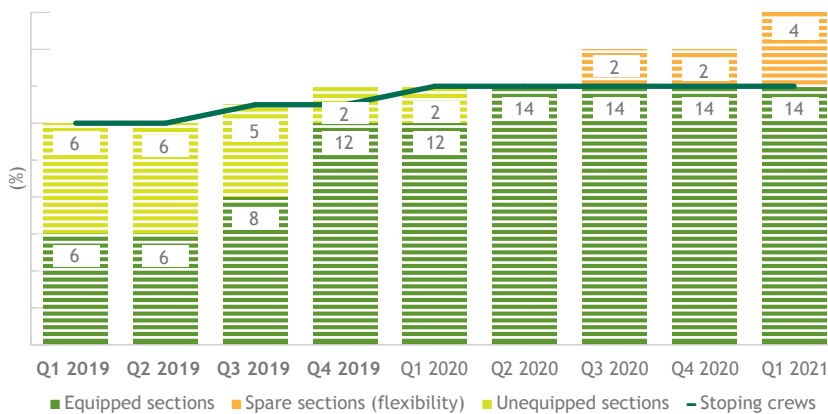
## Styldrift



Styldrift Mine with storm water and settling dams in the foreground

As we proceed to 230ktpm in 2020 our operational flexibility will continually improve as reflected graphically below:

### Operational flexibility improvement at Styldrift

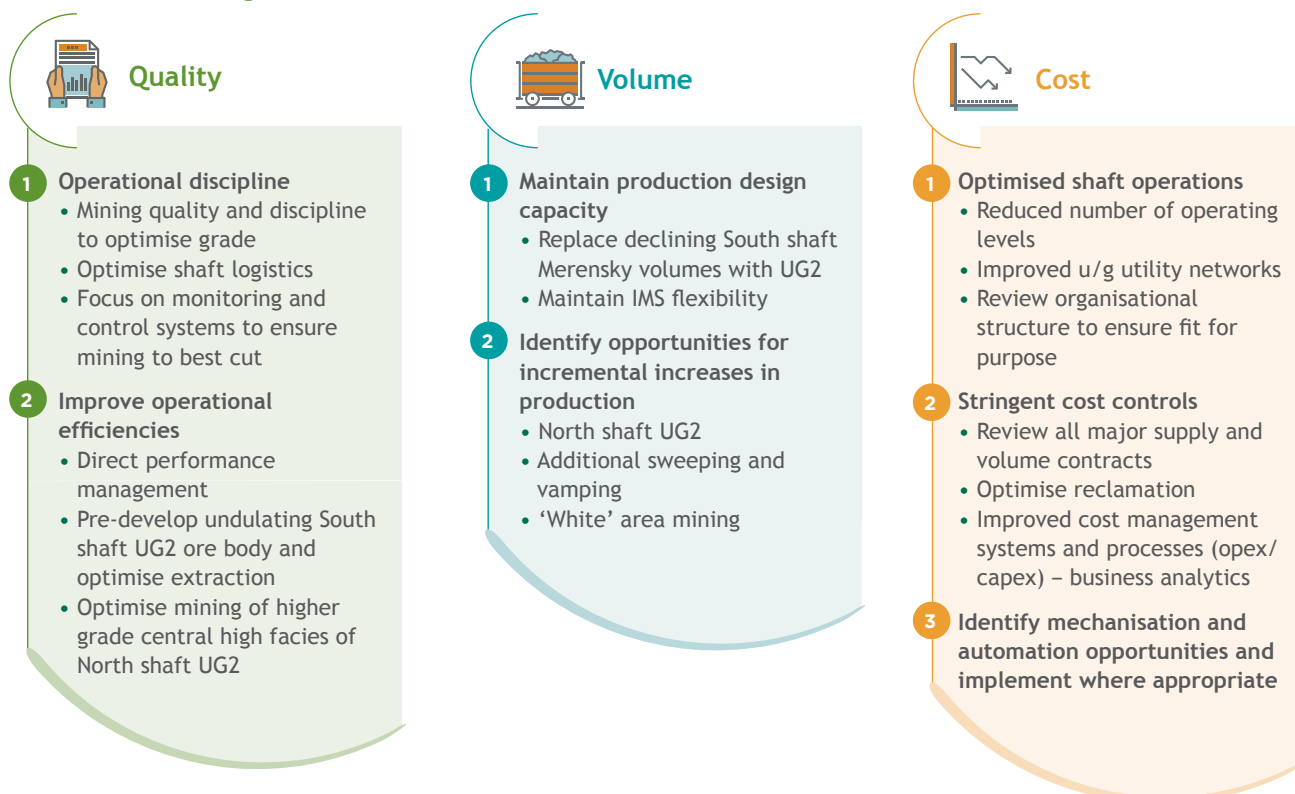


#### LOM infrastructure in place

- > Rock handling
- > Logistics
- > Water handling
- > Workshops
- > Electricity
- > Ventilation

## Our 2020 operational roadmaps

### BRPM – Structuring for a sustainable future



### Styl drift – Secure ramp-up and leverage a world-class ore body





## Concentrators – Improved operational performance and processing flexibility



### Volume

- 1 **Maseve MF2 upgrade**
  - Increased volumes
  - Improved recovery
  - 100% dual processing capacity
- 2 **TSF expansion and upgrade**
  - BRPM TSF footprint increase to 238 hectares
  - Maseve TSF footprint increase to 70 hectares
- 3 **Incremental volume increase review/study**
  - Availability improvement opportunities
  - Further incremental throughput increases at BRPM and Maseve



### Cost

- 1 **Review all major supply contracts**
- 2 **Economies of scale benefits to accrue from Maseve MF2 upgrade**
  - Overland belt will reduce transport costs
  - Improved fixed/variable cost ratio
- 3 **Automation and analytics**



### Quality

- 1 **Improve recoveries (extract max benefit from optimised grades)**
  - Maseve MF2 circuit
  - Optimisation of BRPM through 'Time in State' technology and flotation optimisation
- 2 **Ongoing implementation of our world-class concentrator philosophy**
  - Improved operational performance
  - Improved asset management
  - Improved people management (skills, succession and stability)

## Group production in 2020

Group production guidance for 2020, subject to any unforeseen operational disruptions and changes in market conditions, is forecast to increase to between 4.2Mt and 4.5Mt at a 4E built-up head grade of 3.90g/t to 4.00g/t, yielding 450koz to 485koz 4E metals in concentrate.

Unit cost guidance for the Group is forecast to be between R13 300 and R14 400 per 4E ounce.

Group capital expenditure for 2020, including escalation contingencies, is forecast to be approximately R2.2 billion. Styldrift mining and infrastructure for the 230ktpm ramp-up footprint (R0.8 billion), the Maseve overland belt (R0.1 billion), the Maseve plant upgrade (R0.3 billion) and tailings storage facility upgrades (R0.3 billion) will be the main drivers. SIB expenditure for the Group is expected to be between 6% and 7% of operating cost.



Aerial view of Maseve concentrator and mill feed silo